

ORIGINAL

-Application

SBH-Kingsport,

LLC

CN1312-050



1. **Name of Facility, Agency, or Institution**

SBH - Kingsport, LLC
Name
unaddressed property at the end of Executive Park Boulevard, south of the
intersection of Executive Park Boulevard and East Stone Drive
Street or Route
Kingsport
City
TN
State
37660
Zip Code
Sullivan
County

2. **Contact Person Available for Responses to Questions**

Mike Garone
Name
Strategic Behavioral Health, LLC
Company Name
8295 Tournament Drive, Suite 201
Street or Route
Memphis
City
TN
State
38125
Zip Code
Director of Development
Association with Owner
mgarone@strategicbh.com
E-mail address
901-969-3100
Phone Number
901-969-3120
Fax Number
Director of Development
Title

3. **Owner of the Facility, Agency or Institution**

SBH-Kingsport, LLC
Name
8295 Tournament Drive, Suite 201
Street or Route
Memphis
City
TN
State
38125
Zip Code
901-969-3100
Phone No.
Shelby
County

4. **Type of Ownership of Control (Check One)**

- | | | | |
|---------------------------------|-----|------------------------------|----------|
| A. Sole Proprietorship | ___ | F. Government (State of TN) | ___ |
| B. Partnership | ___ | or Political Subdivision) | ___ |
| C. Limited Partnership | ___ | G. Joint Venture | ___ |
| D. Corporation (For Profit) | ___ | H. Limited Liability Company | <u>X</u> |
| E. Corporation (Not-for-Profit) | ___ | I. Other (Specify) _____ | ___ |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)** N/A

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership _____

D. Option to Lease _____

B. Option to Purchase _____

X

E. Other (Specify) _____

C. Lease of ____ Years _____

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
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7. **Type of Institution (Check as appropriate – more than one response may apply)**

A. Hospital (Specify) _____

I. Nursing Home _____

B. Ambulatory Surgical _____

J. Outpatient Diagnostic Center _____

Treatment Center (ASTC), _____

K. Recuperation Center _____

Multi-Specialty _____

L. Rehabilitation Facility _____

C. ASTC, Single Specialty _____

M. Residential Hospice _____

D. Home Health Agency _____

N. Non-Residential Methadone _____

E. Hospice _____

Facility _____

F. Mental Health Hospital X

O. Birthing Center _____

G. Mental Health Residential _____

P. Other Outpatient Facility _____

Treatment Facility _____

(Specify) _____

H. Mental Retardation Institutional _____

Q. Other (Specify) _____

Habilitation Facility (ICF/MR) _____

8. **Purpose of Review (Check) as appropriate—more than one response may apply)**

A. New Institution X

H. Change in Bed Complement _____

B. Replacement/Existing Facility _____

[Please note the type of change

C. Modification/Existing Facility _____

by underlining the appropriate

D. Initiation of Health Care _____

response: Increase, Decrease,

Service as defined in TCA _____

Designation, Distribution,

§ 68-11-1607(4) _____

Conversion, Relocation] _____

E. (Specify) Psychiatric services X

I. Change of Location _____

F. Discontinuance of OB Services _____

J. Other (Specify) _____

G. Acquisition of Equipment _____

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	18	18
I. Geriatric Psychiatric	_____	_____	16	16
J. Child/Adolescent Psychiatric	_____	_____	28	28
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	10	10
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
TOTAL	_____	_____	72	72

*CON-Beds approved but not yet in service

10. Medicare Provider Number _____ to be applied for _____
 Certification Type _____ inpatient psychiatric hospital

11. Medicaid Provider Number _____ to be applied for _____
 Certification Type _____ inpatient psychiatric hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? ☒

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: SBH-Kingsport, LLC ("SBH") proposes to establish a 72-bed, free-standing psychiatric hospital located in Kingsport, Sullivan County, Tennessee. It is requesting CON permission to construct 18 adult psychiatric beds, 16 geropsychiatric beds, 28 child and adolescent psychiatric beds, and 10 chemical dependency beds for a total of 72 beds.

SBH will be owned and operated by a limited liability company, SBH-Kingsport, LLC. This limited liability company is a wholly-owned subsidiary of Strategic Behavioral Health, LLC, which is an inpatient psychiatric hospital company based in Memphis, Tennessee. It currently operates seven psychiatric hospitals through subsidiaries in the states of Colorado, Nevada, New Mexico and North Carolina. It has another facility under development in College Station, Texas. SBH will be its first hospital based in its home state of Tennessee.

The service area for SBH is projected to be the counties of Sullivan and Hawkins in Tennessee, and the counties of Wise, Scott and Lee in southwestern Virginia. Currently, in this service area there are only twelve inpatient psychiatric beds, located at Bristol Regional Medical Center in Bristol, Tennessee, at the eastern end of the service area. Thus, as far as the applicant is able to ascertain, in its proposed service area, which has a population of more than 300,000 people, there are only 12 inpatient psychiatric beds (located in Bristol). Thus, there is a significant need for additional inpatient psychiatric bed resources in this service area, particularly as it pertains to children and adolescents. Sullivan County is the most populous county in upper East Tennessee, and Kingsport is the biggest municipality in the service area.

The projected project costs for this hospital development are approximately \$12,000,000. The funding for this project will be developed with the assistance of Dobbs Management Services, LLC, the owners of which represent the majority ownership of Strategic Behavioral Health, LLC. Furthermore, as of December 31, 2012, SBH itself had consolidated annual net revenue of approximately \$50.7 million and employed approximately 745 employees. Thus, Strategic Behavioral Health, LLC, the parent

company of SBH-Kingsport, LLC, is a well-capitalized, financially successful psychiatric hospital development and management company.

SBH, the parent company of the applicant, is experienced in the development and operation of inpatient psychiatric facilities. Therefore, it has access to sufficient resources to assure proper staffing and financial feasibility for this facility, SBH-Kingsport, LLC, in Kingsport, Tennessee, the subject of this CON application.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: SBH-Kingsport, LLC, the applicant for this project, is requesting a certificate of need for the construction, development and establishment of a 72-bed free-standing psychiatric hospital to be located at unaddressed property at the end of Executive Park Boulevard, Kingsport, Tennessee 37660.

The requested chart for square footage and cost per square foot is attached. This project is projected to cost approximately \$12,000,000, and is further projected to contain approximately 52,260 square feet of psychiatric hospital and related space. The construction costs are projected to be approximately \$153 per square foot.

The proposed SBH-Kingsport will be a one-story, 52,263 SF facility serving acute psychiatric and chemical dependency patients. The structure is type VA construction with the following occupancies: Institutional (I-2) at patient units, Assembly (A-2) at the Dining Room, Assembly (A-3) at the Gym, Education (E) at the classrooms, and Business (B) at the administrative, assessment and outpatient suites. The building structure consists of spread footings (unless the soil report dictates otherwise), concrete slab-on-grade, load-bearing steel studs, and pitched wood roof trusses. The exterior walls are clad in two colors of brick, the roof is asphalt shingles, and the glazing is frosted in patient areas to protect patient privacy. On-site parking is provided per local zoning guidelines. A covered ambulatory entrance is also included.

Each patient room is double-occupancy and is served by an adjacent bathroom with shower, toilet and lavatory. The 16-bed geriatric unit contains a living room, group room, doctor office, seclusion room with dedicated toilet room, and a centrally-located nurses' station. The additional 56 inpatient beds are separated into four units – two with 18 beds and two with 10 beds. Each unit houses a dayroom and consultation office. Two acute units share a nurses' station, med room, and seclusion room with dedicated toilet room. The nurses' station is located so that the nursing staff can maintain visual control over both units while preserving acoustic separation to protect patient privacy.

Child and Adolescent patients are served by two classrooms. There is a full-service kitchen and adjacent dining room that can be divided into two separate spaces. A gymnasium with basketball goal is available for all patients.

The administrative, assessment and outpatient suites are individually secure from each other and the rest of the building. The assessment suite includes rooms dedicated to patient assessment, financial counseling, and private family waiting. The outpatient suite houses therapy offices, and group rooms. The administrative suite includes offices and a large conference area.

All fixtures, hardware and finishes have been selected with patient safety as the critical factor. Plumbing fixtures, door hardware, shower curtain hangers, and furniture are specified to be anti-ligature. All patient room windows are protected from the interior with polycarbonate. Corridor and patient room walls are protected below the chair rail with FRP panels. Even with these measures in place, great care has been taken to create a welcoming, comfortable environment with a residential feel for patients and staff.

The design meets local building codes as well as regulations set forth by the Tennessee Department of Health.

No major medical equipment will be purchased for this project.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: This project involves development of an inpatient psychiatric hospital that is projected to contain 18 adult psychiatric beds, 16 geropsychiatric beds, 28 child and adolescent psychiatric beds, and 10 chemical dependency beds. Thus, it will have a total of 72 licensed inpatient psychiatric hospital beds when the project is completed. It does not have any existing services in this service area.

The applicant has chosen to seek the establishment of 28 child and adolescent psychiatric beds because, to the best of its knowledge, there are no dedicated child and adolescent psychiatric beds reported for this service area. Thus, these beds will, in a dedicated fashion, meet the extensive need which exists in the service area for such dedicated resources to serve the inpatient behavioral health needs of children and adolescents in the service area.

Furthermore, until 2009, a 61-bed psychiatric hospital existed in Kingsport, Tennessee. This was Indian Path Pavilion, which was closed down in approximately 2009 as part of a CON project whereby an additional nine adult psychiatric beds were opened at the Woodridge Psychiatric facility in Johnson City, in Washington County, which is not in this service area. The owner of Woodridge, Mountain States Health Alliance ("MSHA"), having acquired Indian Path Pavilion a number of years earlier, closed it sometime around 2009. Thus, for a number of years, there have been no sizeable provider of inpatient psychiatric beds anywhere in this five-county service area that is proposed for this project.

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: The applicant, SBH, proposes to initiate adult psychiatric as well as child and adolescent psychiatric services, along with beds for each, at this proposed new facility. As noted above, Indian Path Pavilion does not provide inpatient psychiatric bed services now, and has not done so for a number of years.

Also, the applicant is informed that northeast Tennessee, unlike most of the other regions of the state, does not have a government owned and operated mental health facility. Thus, SBH will be contributing additional resources, personnel and funding to meeting the need for inpatient behavioral services, especially for children and adolescents, in this service area, after this proposal is approved and the project is completed.

- D. Describe the need to change location or replace an existing facility.

RESPONSE: Not applicable.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1 .5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost; (As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

RESPONSE: Not applicable.

b. Provide current and proposed schedules of operations.

RESPONSE: Not applicable.

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

RESPONSE: Not applicable.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not applicable.

III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: The requested plot plan is attached. Executive Park Boulevard dead-ends at the site, which lies south of the Executive Park Boulevard

intersection with East Stone Drive in Kingsport, Tennessee. The site's acreage is approximately 9.7 acres.

- B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: SBH-Kingsport, LLC will be located on undeveloped land at the end of Executive Park Boulevard in Kingsport, Tennessee. The site is very close to one of the major highway intersections in Kingsport -- the intersection of East Stone Drive and North John B. Dennis Highway.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

RESPONSE: The requested floor plans are attached.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- V. For a Home Health Agency or Hospice, identify:

- A. Existing service area by County;
- B. Proposed service area by County;
- C. A parent or primary service provider;
- D. Existing branches; and
- E. Proposed branches.

RESPONSE: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE: The applicant's responses to the individual criteria for this project in the *Guidelines for Growth* are set forth below.

Psychiatric Inpatient Services

- A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

RESPONSE: The total population of the five-county service area, Sullivan and Hawkins Counties Tennessee and Wise, Scott and Lee Counties in Virginia, is approximately 303,546, according to recent Census Bureau and Tennessee Department of Health data. At the rate of 30 beds per 100,000 population, there is a need for approximately 90 beds and in this five-county service area.

Sullivan County is by far the most populous county in the service area, with a population of more than 157,000 people. If the need for Sullivan and Hawkins Counties only were considered separately, there would be approximately 214,373 people in that service

area. These two counties alone would generate a need for more than 64 inpatient psychiatric beds, according to the *Guidelines for Growth* formula.

In the service area, according to the applicant's best information, there are only 12 inpatient psychiatric beds located at Bristol Regional Medical Center. Thus, there is a need for 78 additional inpatient psychiatric hospital beds for this service area, as calculated by the 30 beds per 100,000 general population need formula in the *Guidelines for Growth*.

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

RESPONSE: Available population data charts break out the population according to the chart below, in age brackets that run from 15 to 19 for adolescents. The applicant has analyzed the need for adult beds for the population cohorts age 19 through 64, as shown on the chart below. As this chart indicates, there are approximately 173,000 adults in the service area. When the need standard in *Guidelines for Growth* of 30 beds per 100,000 population is applied, the needed beds figure amounts to 51.84 adult beds, which would be 52 beds rounded off. Currently, as noted above, there are 12 inpatient psychiatric adult beds at Bristol Regional Medical Center in Bristol, Tennessee. Therefore, according to this formula, there are 40 additional adult inpatient psychiatric beds needed for the service area. This application seeks 18 such beds; therefore, this application satisfies this criterion. The population data in the cart below are from two sources: the Tennessee data for Sullivan and Hawkins County are from the Tennessee Department of Health's Population Projections 2010-2020, while the data for the Virginia counties of Wise, Scott and Lee are from the U.S. Census Bureau's 7/1/2012 County Characteristics Resident Population Estimates.

This application also plans to establish 16 geropsychiatric beds. The age 65 and over population of the service is approximately 55,928 individuals. This yields a need for 16.8 geropsychiatric beds, according to the need formula. The applicant seeks 16 geropsychiatric beds, thus the need for those beds in this service area is justified under the *Guidelines for Growth*.

Age Brackets: Population of Service Area

County	Ages 5-14	Ages 15-19	Ages 19-64	Ages 65+	Totals
Sullivan	17,849	9,501	77,728	29,651	134,729
Hawkins	7,292	3,934	35,242	10,211	56,679
Wise, VA	4,683	2,682	26,117	6,028	39,510
Scott, VA	2,422	1,213	18,175	4,656	26,466
Lee, VA	1,475	1,355	15,537	5,382	23,749
Totals:	33,721	18,685	172,799	55,928	281,133

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

RESPONSE: Given the way the population data is available, the applicant has examined the population service area in two age ranges as shown in the chart above: ages 5 through 14 and ages 15 through 19. The ages 5 through 14 yields a total

population of the service area for this age group as 33,721, which yields a need of 10.1 beds.

Similarly, the adolescent age group of ages 15 through 19 yields a population total of 18,685 individuals. This yields, under the *Guidelines for Growth* need formula, a need for 5.6 beds. Thus, for children and adolescents there is a net need of 15.7 beds, which yields a practical need of 16 beds in this service area. The applicant believes that, given the paucity of dedicated adolescent psychiatric hospital beds in the upper east Tennessee, southwestern Virginia area, it will draw additional utilization for this service from counties outside the primary service area.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

RESPONSE: As shown in the above responses, there are only 12 existing inpatient psychiatric hospital beds in the service area, according to the applicant's best information. Therefore, there is a significant need for the additional beds as set forth in this application.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

RESPONSE: As noted above, the Tennessee counties of Sullivan and Hawkins account for more than 70% of the population in the service area. Given Kingsport's prominence in the service area as the largest city in this region as well as the service area, and Sullivan County's status as the most populous county in the service area, it is entirely appropriate for this hospital to be based in the most densely populated area of the service area, in Kingsport, Tennessee. Furthermore, Kingsport shares geography and economic links with the counties to its north and west in southwestern Virginia. Therefore, the population area is reasonable, given the mountainous nature of this region.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

RESPONSE: The applicant will accept involuntary and voluntary admissions to its inpatient psychiatric beds. There is also a great need for service to low income groups and individuals suffering from chemical dependency. People needing chemical dependency inpatient services are a group for whom there are no other dedicated beds in the service area, to the best of the information of the applicant. The socio demographics of the service area are shown in the attached population reports.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

RESPONSE: As shown above, this project is consistent with the *Guidelines for Growth's* numerical and need analysis. It will provide much needed investment in inpatient psychiatric facilities in the northeastern Tennessee area, given the closure of the Indian Path Pavilion psychiatric hospital in 2009, and the closure of Lakeshore Mental Health Institute in Knoxville in 2012, which had included Sullivan and Hawkins Counties in its service area.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

RESPONSE: As noted above, this mountainous area of northeastern Tennessee and southwestern Virginia is underserved in terms of inpatient psychiatric hospital beds. The applicant has received significant support from individuals in the area who believe there is a need for additional inpatient psychiatric services. That there are only 12 inpatient psychiatric beds in the service area also indicates that it is an underserved area with an underserved population.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

RESPONSE: The applicant will accept TennCare patients and referrals. However, because of certain restrictions in the Medicaid program, the applicant will not be able to accept adult TennCare admissions, until as the applicant hopes will occur soon, the Medicare regulations preventing such acceptance are altered. However, the majority of TennCare patients are under 21.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

RESPONSE: As indicated above, the applicant will accept voluntary and involuntary admissions. It is familiar with the involuntary admission process and issues; its parent company supports similar processes in other states at its other inpatient psychiatric hospitals.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

RESPONSE: The applicant does intend to accept all available TennCare admissions, and will accept Medicare admissions as well. Therefore, the applicant anticipates significant Medicare and TennCare utilization and financial participation. Its TennCare utilization is projected to be 38% of charges while its projected Medicare utilization is projected to be 20% of charges.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

RESPONSE: As noted above, there is only one other location in the service area which provides inpatient psychiatric services: Bristol Regional Medical Center in Bristol, Tennessee. Bristol is located at the eastern end of Sullivan County, whereas Kingsport is on the western side of Sullivan County. The applicant does not foresee significant impact on this project on the Bristol BRMC inpatient psych beds given the complete absence of these services in the Kingsport area currently, or in any of the other counties in the projected service area.

2. Accessibility to specific special need groups should be an important factor.

RESPONSE: As noted, the applicant will accept involuntary admissions. Therefore, the mentally infirm will be eligible to receive treatment at this facility.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

RESPONSE: The applicant will meet all applicable licensure regulations of the Tennessee Department of Mental Health and Substance Abuse Services, as well as any required by the Department of Health. It also intends to be accredited by the Joint Commission. It will meet all applicable licensure for all applicable personnel and staffing requirements for inpatient psychiatric facilities.

- B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

RESPONSE: Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE: This is a new facility. However, it is the first facility in Tennessee to be sought to be developed by Strategic Behavioral Health, LLC, which is a provider of mental health services in a number of other states. Strategic Behavioral Health, LLC is based in Memphis, Tennessee, and considers the development of a Tennessee facility to be essential to its long-range development plan.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE: The proposed service area consists of the Tennessee counties of Sullivan and Hawkins, and the Virginia counties of Wise, Scott and Lee. The proposed service

area maps are attached. The applicant plans to establish this facility in this most populous town in the most populous county in the service area. Its location is convenient to residents of Hawkins County, as well as to residents of Wise, Scott, and Lee Counties in Virginia. These counties form a service area which looks to facilities in Kingsport for service. It also constitutes an area that has very few inpatient psychiatric beds. It needs this project.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE: The demographics of the service area are as demonstrated in the attached population data tables.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: See the responses to the *Guidelines for Growth* criteria above. Also, according to the publication of the National Institute of Mental Health ("NIMH") entitled "The Numbers Count: Mental Disorders in America", over 26% of Americans 18 and older suffer from a diagnosable mental disorder in any given year. Furthermore, NIMH states that 6% of the population suffers from a serious mental illness, and mental disorders are the leading cause of disability in the U.S. These same conditions apply to the population of this project's service area.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE: As noted above, there is only one other provider of inpatient psychiatric services in the service area: Bristol Regional Medical Center in Bristol, Tennessee. It reports having 12 adult psychiatric beds. According to the DOH Office of Health Statistics, in 2011, BRMC had 335 psychiatric admissions, which generated 2,448 patient days.

Its reported utilization for the past three years as shown in BRMC's Joint Annual Reports for the respective years, differs significantly, and apparently does not reflect the utilization of its 12 psychiatric beds:

Year	Drug/Alcohol Admissions	Drug/Alcohol Patient Days	Psychiatric Admissions	Psychiatric Patient Days
2012	57	200	44	184
2011	42	146	62	266
2010	43	116	40	195

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: This project is for the establishment of a new inpatient psychiatric hospital. There is no historical utilization. The utilization projected for the first two years following the completion of this project is as set forth below:

Month	Year 1	Year 2
January	3.9	38.7
February	6.4	40.3
March	11.6	40.6
April	16.0	44.0
May	19.4	44.5
June	24.0	48.4
July	27.1	48.4
August	31.0	50.3
September	34.0	51.2
October	34.8	50.3
November	38.0	52.8
December	38.7	52.3
Total Average ADC	23.8	46.8

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee).
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

RESPONSE: The projected cost report is attached. The documentation from the architect and contractor requested are attached hereto.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		<u>\$267,000</u>
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		<u>\$75,000</u>
3. Acquisition of Site		<u>\$925,000</u>
4. Preparation of Site		<u>\$675,000</u>
5. Construction Costs		<u>\$8,000,002</u>
6. Contingency Fund		<u>\$200,000</u>
7. Fixed Equipment (Not included in Construction Contract)		<u>\$660,000</u>
8. Moveable Equipment (List all equipment over \$50,000)		<u>\$100,000</u>
9. Other (Specify) _____	N/A	<u>N/A</u>
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive or building and land)		<u>N/A</u>
2. Building only		<u>N/A</u>
3. Land only		<u>N/A</u>
4. Equipment (Specify) <u>Copier</u>		<u>\$2,000</u>
5. Other (Specify) _____		<u>N/A</u>
C. Financing Costs and Fees:		
1. Interim Financing		<u>\$150,000</u>
2. Underwriting Costs		<u>\$75,000</u>
3. Reserve for One Year's Debt Service		<u>N/A</u>
4. Other (Specify) <u>Build Year Operating Cost</u>		<u>\$562,607</u>
D. Estimated Project Cost (A+B+C)		<u>\$11,691,609</u>
E. CON Filing Fee		<u>\$26,306</u>
F. Total Estimated Project Cost (D+E)		<u>\$11,717,915</u>
TOTAL		<u>\$11,717,915</u>

2. Identify the funding sources for this project.

A. Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2).**

- ☐A. Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐B. Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐D. Grants--Notification of Intent form for grant application or notice of grant award; or
- ☐E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☒F. Other--Identify and document funding from all other sources.

RESPONSE: The funding source letter for this project is attached hereto.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: The project costs for establishing this new inpatient psychiatric facility are reasonable. The cost per square foot of construction is approximately \$153. This compares favorably with recent projects approved by the Health Services and Development Agency.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, including anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: As noted, this is a new facility, therefore, there is no historical data for it. The requested Projected Data Chart is attached hereto.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE: The project's average gross charge is \$1,578; its average deduction from operating revenue is \$979, and its average net charge is \$599.

HISTORICAL DATA CHART

N/A

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses (Specify) _____	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
LESS CAPITAL EXPENDITURES	\$ _____	\$ _____	\$ _____

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure) patient days	<u>8,700</u>	<u>17,100</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$13,728,600</u>	<u>\$26,983,800</u>
2. Outpatient Services	<u>426,000</u>	<u>1,040,000</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) <u>N/A</u>	<u>0</u>	<u>0</u>
Gross Operating Revenue	<u>\$14,154,600</u>	<u>\$26,023,800</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$8,521,215</u>	<u>\$16,748,595</u>
2. Provision for Charity Care	<u>686,430</u>	<u>1,349,190</u>
3. Provisions for Bad Debt	<u>162,612</u>	<u>322,656</u>
Total Deductions	<u>\$9,370,257</u>	<u>\$18,420,441</u>
NET OPERATING REVENUE	<u>\$4,784,343</u>	<u>\$9,603,359</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$3,388,492</u>	<u>\$5,628,936</u>
2. Physician's Salaries and Wages	<u>150,000</u>	<u>150,000</u>
3. Supplies	<u>405,000</u>	<u>786,600</u>
4. Taxes	<u>60,000</u>	<u>60,000</u>
5. Depreciation	<u>414,056</u>	<u>414,056</u>
6. Rent	<u>24,000</u>	<u>24,000</u>
7. Interest, other than Capital	<u>N/A</u>	<u>N/A</u>
8. Management Fees:		
a. Fees to Affiliates	<u>N/A</u>	<u>N/A</u>
b. Fees to Non-Affiliates	<u>N/A</u>	<u>N/A</u>
9. Other Expenses (Specify) <u>Utilities/ins/travel/repairs/</u> <u>advertising/purchased serv</u>	<u>843,108</u>	<u>1,057,692</u>
Total Operating Expenses	<u>\$5,284,656</u>	<u>\$8,121,284</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>N/A</u>	<u>N/A</u>
NET OPERATING INCOME (LOSS)	<u>\$<500,313></u>	<u>\$1,482,075</u>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$380,000</u>	<u>\$366,879</u>
2. Interest	<u>454,027</u>	<u>438,343</u>
Total Capital Expenditures	<u>\$834,027</u>	<u>\$805,222</u>
NET OPERATING INCOME (LOSS)	<u>\$<1,334,340></u>	<u>\$676,853</u>
LESS CAPITAL EXPENDITURES		

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE: There is no current charge schedule for this facility since it has not been constructed yet. Its proposed charges are as follows:

Adult psychiatric average inpatient charge per day: \$1,578

Geropsychiatric average inpatient charge per day: \$1,578

Child and adolescent average inpatient charge per day: \$1,578

Chemical dependency average inpatient charge per day: \$1,578

These charges compare favorably with charges for other inpatient psychiatric facilities that can be ascertained from the records of the HSDA.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: See response to Question A above.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE: Given the need for additional psychiatric inpatient services in the service area, especially for children, the applicant projects that its utilization rates are sufficient to maintain cost effectiveness of the facility. The applicant has significant experience in starting and establishing inpatient psychiatric facilities in other states. The number of psychiatric beds it proposes to build here (72) take into account economies of scale superior to those of smaller-scale units in general acute-care hospitals. This has been Strategic Behavioral Health's experience in its numerous other hospitals.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: As noted above, given the applicant's experience in other states, it is confident that financial viability will be ensured within two years and positive cash flow will develop in the second year. The applicant's financial analysis has taken into account any short-term losses that may occur during ramp-up. Strategic Behavioral Health has a corporate philosophy of patient capital investment, as evidenced by the numerous startup hospital projects it has completed over the last eight years.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE: The applicant plans to participate in Medicare and TennCare. It also will provide services to medically indigent patients. The applicant projects that in its first year of operations, its estimated actual revenue received from TennCare will be approximately \$1,818,300 which constitutes approximately 38% of its revenue for that year. It further projects that in its first year of operation, its estimated actual revenue received from Medicare will be \$1,305,000 which constitutes approximately 27% of its revenue for that year.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE: SBH-Kingsport, LLC is a new entity. Its corporate documentation is attached. The requested financial documentation for its parent company, Strategic Behavioral Health, is attached.

11. Describe alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - A. A discussion regarding the availability of less costly, most effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE: The applicant has reviewed the closing of psychiatric beds in the broader East Tennessee area that has gone on for a number of years, including at Indian Path Pavilion in 2009. Given that, the applicant is confident that there are no less costly, more effective, more efficient ways of providing the benefits of inpatient psychiatric beds other than by constructing a new facility. Strategic Behavioral Health has analyzed this issue in other contexts, and found that freestanding psychiatric hospitals operate on a significantly lower cost per patient day than acute hospital psychiatric units or state-run psychiatric facilities.

- B. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE: The applicant has no facilities in east Tennessee to modernize. It does not believe that any other providers in east Tennessee would engage in sharing arrangements with it, since it is a new provider in the area. Further, sharing facilities is not likely to occur, since there are no other freestanding psychiatric hospital facilities in its service area.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE: The applicant plans to have transfer agreements with local area hospitals, such as Wellmont Holston Valley Medical Center in Kingsport. Strategic Behavioral Health, the parent company of the applicant, reports that in every community in which it provides care, it has a history of working with all agencies and other providers to provide a collaborative process to analyze and reduce barriers to access and service delivery. In this service area, there are currently no freestanding psychiatric hospital beds, a critical component of the mental and behavioral health continuum of care.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: The applicant has noted repeatedly in this application, other than the 12 inpatient geropsychiatric beds at BRMC in eastern Sullivan County, Tennessee, there are no other inpatient psychiatric beds, to the applicant's best knowledge, in this service area. Furthermore, the population of the service area, when analyzed in terms of the *Guidelines for Growth's* numerical formula, demonstrates a need for additional inpatient psychiatric beds. Therefore, the applicant does not project that its project will have significant impact on the utilization rates of any existing providers in the service area for the project. Furthermore, by offering dedicated chemical dependency and child and adolescent beds to the service area, the applicant will have a positive effect on the behavioral healthcare system in the service area.

3. Provide the current and/or anticipated staffing patterns for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The requested staffing pattern information is attached hereto.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: The applicant, as a subsidiary of a successful, Tennessee-based, psychiatric hospital company, will have sufficient access to human resources required by the proposal adequate to meet the requirements of the Mental Health and Substance Abuse Services Department, or the Tennessee Department of Health, as applicable.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

RESPONSE: The applicant understands and has reviewed all licensing and certification requirements of the State of Tennessee for medical or clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: The applicant is plans to participate in the training of students in the area of behavioral healthcare. It is open to collaborating with area nursing schools and other healthcare training and education providers.

7. A. Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE: The applicant has reviewed and understands the licensure requirements of the Tennessee Department of Mental Health and Substance Abuse Services and the Department of Health, as applicable.

- B. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: The applicant anticipates licensure from the Department of Mental Health and Substance Abuse Services.

Accreditation: The applicant intends to obtain accreditation by the Joint Commission.

- C. If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Not applicable.

- D. For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: Not applicable.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: No such orders or judgments exist.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

RESPONSE: There are no such civil or criminal judgments.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE: If approved, the applicant will provide the Tennessee Health Services and Development Agency and any other reviewing agency with the requested information.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

Legals

Legals

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

(Name of Applicant) **SBH-Kingsport, LLC** (Facility Type-Existing) **N/A**
 owned by: **SBH-Kingsport, LLC** with an ownership type of **limited liability company**, and to be managed by: itself
 intends to file an application for a Certificate of Need for: **establishment of a new inpatient psychiatric hospital in Kingsport, Sullivan County, Tennessee 37660. This project will be located on unaddressed property at the end of Executive Park Boulevard in Kingsport, Tennessee. This property extends south and west of Executive Park Boulevard, and is south of the intersection of Executive Park Boulevard and East Stone Drive in Kingsport, Tennessee. This project will involve the initiation of inpatient psychiatric hospital services. This new psychiatric hospital will have 18 adult beds, 16 geropsychiatric beds, 28 child and adolescent beds, and 10 chemical dependency beds. These 72 beds will all be new beds licensed as psychiatric hospital beds. The estimated project costs for this project are projected to be approximately \$12,000,000.00.**

The anticipated date of filing the application is: **December 13, 2013.**

The contact person for this project is **Mike Garone** (Contact Name) **Director of Development** (Title)
 who may be reached at: **Strategic Behavioral Health, LLC** (Company Name)
8295 Tournament Drive, Suite 201 (Address)
Memphis Tennessee 38125 (City) (State) (Zip Code)
901/969-3100 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file a written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB:12/10/13

Legals

Legals

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **January 16, 2014 at 10:00AM local time**, at the main door, Sullivan County Courthouse, 140 Blountville Bypass, Blountville, Tennessee, conducted by Shapiro & Kirsch, LLP Substitute Trustee, pursuant to Deed of Trust, executed by Tony Wayland Vines, unmarried, to Lenders Title & Escrow, LLC, Trustees, on October 29, 2004 at Book 2181C, Page 702; all of record in the Sullivan County Register's Office.
 Party entitled to enforce security interest: PNC Bank, National Association, its successors and assigns

The following real estate located in Sullivan County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record: **SITUATE in the 11th Civil District of Sullivan County, Tennessee; to-wit:**

LOT 13, BLOCK 61 (erroneously stated as Block 81 in prior deed), CITY OF KINGSFORT, as shown on map of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Deed Book 107, at Page 408; and being the same property conveyed to Tony Wayland Vines from Everett R. Blountville and Sherry G. Crawford by deed dated October 29, 2004 of record in the Register's Office for Sullivan County at Blountville, Tennessee in Deed 2181C, Page 700, Street Address: 729 Boone Street, Kingsport, Tennessee 37660
 Parcel Number: 046J-K-024.00
 Current Owner(s) of Property: Tony Wayland Vines
 Other interested parties: Lenders Title & Escrow LLC and First Franklin Financial, a division of National City Bank of Indiana
 The street address of the above described property is believed to be 729 Boone Street, Kingsport, Tennessee 37660, but such address is not part of the legal description of the property herein and in the event of any discrepancy between the

410 Garage & Yard Sales

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421 Clothing

WOMEN'S 3X Burgundy Leather Jacket. Also, 3X name brand jeans. All new. 423-747-7141

430 Household & Antiques

Dining room set, 6 chairs, table w/leaf, china cabinet. Antique claw foot bathtub. 423-247-8330

431 Furnishings

!!! \$200 19" Thick Full Size Pillowtop Mattress SET.. Never used. Still in factory sealed plastic. 423-765-8014

!!! \$225 19" Thick Queen Size Pillowtop Mattress SET. Never Used. Still in factory sealed plastic. 423-765-8014

!!! \$80 Full Size Mattress SET. Never Used. Still in Factory Sealed Plastic. Call 423-765-8014.

!!! \$90 Queen Size Mattress SET. Never Used. Still in Factory Sealed Plastic. Call 423-765-8014

KING Pillow top Mattress set Never used. Still in factory sealed plastic. \$260 423-765-8014

ROLL TOP DESK. Very good condition dark oak finish \$250 423-247-4368

Legals

431 Furnishings

*****MATTRESS*** STORE CLOSING SELLING DUE TO HEALTH BUY AT DEALER COST Remaining inventory consists of Queen Mattress Sets Only! Open by Appointment Only! phone (423) 367-4478 For Details Johnson City**

440 Computers & TV's

TOSHIBA 47" LED, full 1080p 3D, smart HD TV \$575 OBO 7 mos. old 423-967-3061

XBOX ONE OR PLAYSTATION 4! SOLD OUT EVERYWHERE! Brand New in Box. Factory Sealed. Ready to Pickup Now! No Waiting! \$650 Cash /Credit Card.. Call or Text 423-791-2576.

470 Building Materials

LIQUIDATION EVERYTHING GOES. All windows & doors 50% off 635 W. Sullivan St. 423-612-6602

490 Sports Equipment

ALUM. TACKLE BOX, with 3 trays 70 Bass plugs. Most never used. \$300 423- 239-3056

GUN SHOW DEC 14-15 SAT 9-5 & SUN 9-4 KNOXVILLE EXPO CENTER (5441 CLINTON HWY) EXIT 108 OFF I-75N BUY-SELL-TRADE INFO: (563) 927-8176

HORIZON Series Evolve Treadmill, would make an excellent gift, no more than 3 hrs used, \$300 245-2540

510 Bicycles

BICYCLE, Trek 820 MountTain Track 21" \$150 423-480-9191

520 Boats & Marine Equipment

CLOSEOUT selling at dealers cost, South Bay 2013 Pontoon 524CR, 115 hp Mercury Lakeview Marina 423-323-1054

PONTOON - 1985 Riviera Cruiser 24 ft, hard top, 2001 Tandem axle trailer 70 hp Johnson motor, needs work, good winter project, asking \$3,000. 423-416-5706

540 Musical Merchandise

AN older VIOLIN made in german very nice, ready to play in orchestra, case & bow included. \$750 OBO local 765-9024

GUITAR - Fender Labrea Acoustic w/built-in pick-up. Black w/white pin stripe \$450 423-747-7141

KING Silver Flare Trumpet, like new, case and mouth piece included. w/ thumb trigger & finger, 423-863-1666 \$575 OBO

Legals

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A-1 Bath, Remodeling, ing, Sheet 423-292-3

*** Affordable ing & renov tor, insurac avail. 423**

****A to Z Hom All your Baths, Tile Free Est.R**

COLLIERS / REM From found & all phas Licins. 30 Painting Spe 423

MR. Home Im Additions Plumbing No job too big 423-7

Remodeling ing - Deck ing - Floor Free Est. 4

550

FIREWOOD hardwood Oak load, delivered 276-2

SEASON

20140326

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): 3/26/14

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	0	3/26/14
2. <u>Construction documents approved by the Tennessee Department of Health</u>	214	10/26/14
3. <u>Construction contract signed</u>	61	5/26/14
4. <u>Building permit secured</u>	153	8/26/14
5. <u>Site preparation completed</u>	214	10/26/14
6. <u>Building construction commenced</u>	220	11/1/14
7. <u>Construction 40% complete</u>	371	4/1/15
8. <u>Construction 80% complete</u>	524	9/1/15
9. <u>Construction 100% complete (approved for occupancy)</u>	585	11/1/15
10. <u>*Issuance of license</u>	599	11/15/15
11. <u>*Initiation of service</u>	600	11/16/15
12. <u>Final Architectural Certification of Payment</u>	615	12/1/15
13. <u>Final Project Report Form (HF0055)</u>	629	12/15/15

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

A.4. - Corporate Documents



STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

SBH-Kingsport, LLC
STE 750
6070 POPLAR AVE
MEMPHIS, TN 38119-3901

December 3, 2013

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	739517	Formation Locale:	DELAWARE
Filing Type:	Limited Liability Company - Foreign	Date Formed:	11/04/2013
Filing Date:	12/03/2013 11:55 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2015
Duration Term:	Perpetual	Image # :	7261-0429
Managed By:	Member Managed		

Document Receipt

Receipt # : 1223809	Filing Fee:	\$300.00
Payment-Check/MO - DOBBS MANAGEMENT SERVICE, LLC, MEMPHIS, TN		\$300.00

Registered Agent Address:
DOBBS MANAGEMENT SERVICE, LLC
STE 750
6070 POPLAR AVE
MEMPHIS, TN 38119-3901

Principal Address:
STE 201
8295 TOURNAMENT DR
MEMPHIS, TN 38125-8913

Congratulations on the successful filing of your **Application for Certificate of Authority** for **SBH-Kingsport, LLC** in the State of Tennessee which is effective on the date shown above. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.


Tre Hargett
Secretary of State

Processed By: Connie Fredrickson

**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY** (ss-4233)

Page 1 of 2



Business Services Division
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th Fl
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300, maximum fee = \$3,000)

For Office Use Only

FILED

To The Secretary of the State of Tennessee:

Pursuant to the provisions of T.C.A. §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the Limited Liability Company is: SBH-Kingsport, LLC

If different, the name under which the certificate of authority is to be obtained is: _____

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of T.C.A. §48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to T.C.A. §48-249-106(d).

2. The state or country under whose law it is formed is: Delaware

and the date of its formation is: 11 / 4 / 13 and the date it commenced doing business in Tennessee is: _____ / _____ / _____
Month Day Year Month Day Year

NOTE: Additional filing fees and proof of tax clearance confirming good standing may apply if the Limited Liability Company commenced doing business in Tennessee prior to the approval of this application. See T.C.A. §48-249-913(d) and T.C.A. §48-249-905(c)

3. This company has the additional designation of: _____

4. The name and complete address of its registered agent and office located in the state of Tennessee is:

Name: Dohbs Management Service, LLC

Address: 6070 Poplar Avenue Suite 750

City: Memphis State: TN Zip Code: 38119 County: Shelby

5. Fiscal Year Close Month: _____

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)

Effective Date: _____ / _____ / _____ Time: _____
Month Day Year

7. The LLC will be: ☒ Member Managed ☐ Manager Managed ☐ Director Managed ☐ Board Managed ☐ Other

8. Number of Members at the date of filing: 1

9. Period of Duration: ☒ Perpetual ☐ Other _____ / _____ / _____
Month Day Year

10. The complete address of its principal executive office is:

Address: 8295 Tournament Drive Suite 201

City: Memphis State: TN Zip Code: 38125

**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY** (ss-4233)

Page 2 of 2



Business Services Division
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300, maximum fee = \$3,000)

For Office Use Only

The name of the Limited Liability Company is: SBH-Kingsport, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

Address: 6070 Poplar Avenue Suite 750

City: Memphis State: TN Zip Code: 38119

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.
☐ I certify that this entity meets the requirement of T.C.A. §48-249-1123(b)(3)

Licensed Profession: _____

14. Series LLC (required only if the Additional Designation of "Series LLC" is entered in section 3.)

☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(i)

If the provisions of T.C.A. §48-249-309(i) (relating to foreign series LLCs) apply, then the information required by that section should be attached as part of this document.

15. Obligated Member Entity (list of obligated members and signatures must be attached)

☐ This entity will be registered as an Obligated Member Entity (OME) Effective Date: _____
Month Day Year

☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES FOR THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT AN ATTORNEY.

16. Other Provisions: _____

11-4-13
Signature Date

President
Signer's Capacity (if other than individual capacity)


Signature

Jim Shaheen
Name (printed or typed)

Delaware

PAGE 1

The First State


I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "SBH-KINGSPORT, LLC", FILED IN THIS OFFICE ON THE FOURTH DAY OF NOVEMBER, A.D. 2013, AT 3:09 O'CLOCK P.M.

5426397 8100

131267737

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0867337

DATE: 11-04-13

7231.0431, 12/03/2013, 11:55:16, Received by Tennessee Secretary of State Tim Hargett

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:10 PM 11/04/2013
FILED 03:09 PM 11/04/2013
SRV 131267737 - 5426397 FILE

STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

First: The name of the limited liability company is SBH-Kingsport, LLC

Second: The address of its registered office in the State of Delaware is 1679 S.
Dupont Hwy., Suite 100 in the City of Dover

Zip code 19901 The name of its Registered agent at such address is
Registered Agent Solutions, Inc.

Third: (Use this paragraph only if the company is to have a specific effective date of
dissolution: "The latest date on which the limited liability company is to dissolve is
_____".)

Fourth: (Insert any other matters the members determine to include herein.)

In Witness Whereof, the undersigned have executed this Certificate of Formation this

4th day of November 2013.

By: 

Authorized Person (s)

Name: James T. Shaheen, Jr.

7261-0432, 12/03/2013, 11:55:17, Received by Tennessee Secretary of State Tre Hargett

A.6. - Legal Interest in Site

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made in consideration of the mutual agreements hereinafter set forth and the consideration recited in this Agreement between Roger A Ball & Carroll E. Rose ("Seller"), and SBJI-Kingsport, L.L.C., a Delaware limited liability company, ("Buyer").

1. Agreement of Purchase and Sale. Seller shall sell, and Buyer shall purchase, in fee simple, subject to and upon the following terms and conditions, certain real estate located in Sullivan County, in the state of Tennessee, and described more specifically on the attached Exhibit "A" (the property).

2. Purchase Price. The purchase price of the Property shall be Nine Hundred Twenty-Five Thousand and No/100 Dollars (\$925,000) (hereinafter referred to as the "Purchase Price"), subject to the adjustments and prorations set forth herein, and shall be payable as follows:

(a) Fifty Thousand and No/100 Dollars (\$ 50,000) (the "Earnest Money") upon final execution of this Agreement. Said Earnest Money shall be in immediately available funds which shall be held by Commercial Advisors, L.L.C. ("Escrow Agent"). The Escrow Agent shall deposit the Earnest Money in a federally insured, interest bearing account.

(b) The remainder thereof in cash at the closing hereunder, with a credit to Buyer for the Earnest Money.

3. Due Diligence Period. (a) The Buyer shall have until 5:00 p.m. EST on the 180th day following the Effective Date or such later date as permitted in Article 3(d) below, as hereinafter defined, of this Agreement for Purchase and Sale to make such examination and investigation of the Premises as Buyer shall deem necessary and advisable to determine if the Premises may be used for the Buyer's intended purpose (the "Due Diligence Period"). Buyer shall have the right to terminate this Agreement for any reason or no reason during the Due Diligence Period. In the event Buyer terminates this Agreement the Earnest Money shall be promptly returned to Purchaser (less \$1000.00 which shall be paid to Seller as consideration for entering into this Agreement). Seller hereby agrees to cooperate with such examination and investigation, including those regarding Tenant leases and the business affairs of the property.

(b) All such tests, investigations, approvals, shall be performed or obtained at Buyer's sole risk and expense. Buyer shall indemnify, defend, and hold harmless Seller from any and all claims, damages to persons and/or property, or otherwise that may arise in connection with Buyer's examination and investigation of the Premises. Buyer's examination shall not create a hazard on the Premises. Buyer's obligation(s) hereunder shall survive the Closing and any termination of this Agreement. The Seller shall furnish to the Buyer, upon full execution of this Purchase and Sale Agreement, copies of surveys and current operating statements, leases and rent rolls, soil reports, environmental and geotechnical studies, and title policy(ies) for the Premises in the Seller's possession. Seller shall, within sixty (60) days from the Effective Date, provide evidence to Buyer of all utilities as set forth in Section 7(m) below that serve the Premises.

(c) It is specifically contemplated that the full execution of this Purchase and Sale Agreement shall serve as Seller approval that Buyer may conduct a soil and environmental examination of the Premises. In the event this Agreement is terminated by the Buyer pursuant to paragraph 3(d) below for any reason or no reason whatsoever, a copy of all environmental reports conducted with respect to the Premises by or for the Buyer shall be provided immediately to the Seller.

(d) Buyer shall endeavor to complete all Due Diligence within the allowed period, however, Buyer shall have the right hereunder to extend the Due Diligence period for three (3) successive periods of sixty (60) days as needed if it has been unable, despite its good faith efforts to complete its Due Diligence including specifically obtaining Buyer's Certificate of Need and

all other necessary permits and licenses for a psychiatric hospital from the applicable government authorities. Upon each extension exercised by Buyer, \$10,000.00 of the previously paid Earnest Money shall be forfeited to the Seller as a non-refundable deposit.

(e) In the event the Buyer, in its sole discretion, determines that the Premises cannot be used for its intended purpose or for any reason or no reason, then Buyer shall give notice to Seller no later than 5:00 p.m. EST on the last day of the Due Diligence Period, as may be extended, that it elects to terminate and rescind this Agreement, in which event this Agreement shall be terminated and Seller and Buyer shall thereafter be relieved of their respective obligations at law and in equity hereunder [except for Buyer's obligations described in paragraph 3(b) above and the earnest money shall automatically be returned to Buyer (less \$1000.00 which shall be paid to Seller as consideration for entering into this Agreement)].

4. Title Insurance. Buyer shall obtain, at its expense, an owner's title insurance commitment, based upon an examination by buyer's attorneys, to issue a title insurance policy (Form 1970 ALTA-B) insuring Buyer's fee simple interest in the Property to the extent of the Purchase Price (the "Title Insurance Commitment"). The Title Insurance Commitment will be issued by Chicago Title Insurance Company, 6840 Carothers Parkway, Suite 200, Franklin, Tennessee 38067, attention: Yale Riley (the "Title Insurance Company") and will contain exceptions only for (a) real estate taxes and assessments for the year of closing; (b) applicable building and zoning laws to which Buyer has not objected to and which will not materially interfere with Buyer's intended use of the Property, as determined by Buyer in its sole and absolute discretion; (c) encroachments, easements, and such other matters shown on the survey, if any, obtained by Buyer pursuant to Paragraph 3 above which Buyer has not objected to and which will not materially interfere with Buyer's intended use of the Property, as determined by Buyer in its sole and absolute discretion; and (d) any other exceptions Buyer approves in writing ("Permitted Exceptions"). The title to the Property to be conveyed by general warranty deed to Buyer shall be good and marketable title in fee simple absolute without defect and free and clear of all liens, encumbrances, easements, restrictions, tenancies, memorials, rights, covenants, conditions, charges, agreements, encroachments, and other exceptions to title, except for the Permitted Exceptions. If the Title Insurance Commitment contains other exceptions, not acceptable to Buyer, then Buyer shall notify Seller of such exceptions not later than sixty (60) days from the end of the Due Diligence Period, and Seller may, without any obligation to do so, have twenty (20) days from receipt of the objection(s) to resolve such exceptions to the satisfaction of Buyer. Buyer shall also have the right to remove such exceptions at its expense, but there shall be no obligation on Buyer to do so. If Seller is unable or unwilling to cure or resolve such exceptions to Buyer's satisfaction within the time specified, Buyer shall have the right to terminate this Agreement in which event it shall be refunded the Earnest Money and any interest earned thereon or to waive such objection and close as set forth in Paragraph 9 (less \$100.00 which shall be paid to Seller as consideration for entering into this Agreement).

5. Appraisal. The Buyer may obtain an appraisal of the Property from an appraiser selected by the Buyer, however the sale shall not be contingent on an appraisal.

6. Expenses and Prorations. The expenses of this transaction and closing prorations shall be paid as follows:

(a) Buyer will pay the transfer taxes and recording costs incurred in recording the general warranty deed, the title insurance policy and for the survey;

(b) Buyer shall pay for the cost of the title search.

(b) Each party will pay its own attorney's fees;

(c) The real estate taxes shall be apportioned between the parties as of the date of closing.

(d) Rent, if any, charges and assessments for sewer and water and other utilities, including charges for consumption of electricity and gas, if any, shall be prorated as of the date of Closing. If such charges are unknown as of the date of closing, Buyer shall present Seller with bills therefor and Seller shall pay to Buyer its prorata share of such expenses within ten (10) days of receipt of said bills.

(e) Any other applicable expenses and income will be apportioned as of the date of Closing.

Seller's attorney shall prepare all documents, which shall be subject to the reasonable approval of Buyer and Buyer's attorney.

7. Representations and Warranties. Seller represents and warrants the following to Buyer, which representations and warranties shall be deemed to be made by Seller to Buyer also as of the closing date and the obligations of Buyer under this Agreement shall be subject to the truth and accuracy of the following representations and warranties as of the effective date hereof and as of the Closing, as herein defined. In the event any of the representations and warranties are not true and accurate in any material respect as of the effective date hereof and as of the Closing, Buyer shall have the option of terminating this Agreement, in which event the Earnest Money shall be paid to Buyer together with any interest earned thereon and all parties hereto shall be released from any and all liabilities hereunder or Buyer may, as its sole option and discretion, waive all or a part of such representations and warranties in writing and close the purchase and sale herein provided for in accordance with the other terms and conditions without Buyer waiving its rights as to any other parties or claims with respect to said Property; provided, however, that Buyer's right to terminate this Agreement shall be subject to Buyer giving Seller thirty (30) days prior written notice of its intent to terminate this Agreement, and Seller's inability to cure such defects within said thirty (30) day period, provided further if notice is received within thirty (30) days of the Closing, the closing date shall be postponed for up to an additional thirty (30) days to give Seller the opportunity to cure.

(a) As of the date of Closing, there will be no parties in possession of any portion of the Property as lessees, tenants, occupants, tenants at sufferance or trespassers.

(b) There are no pending or threatened condemnation or similar proceedings or assessments affecting the Property or any part thereof nor to the actual knowledge and belief of Seller are any such proceedings or assessments contemplated by any governmental authority;

(c) There are currently no defaults under any indebtedness, indenture, mortgage, deed of trust or other instruments which relate to or affect the Property;

(d) To its actual knowledge, Seller has complied with all applicable laws, ordinances, regulations, statutes, rules and regulations relating to the Property or any part thereof;

(e) Between the effective date of this Agreement and the date of the Closing, Seller shall not (i) perform any material change or improvement on the Property, or (ii) create, incur or suffer to exist any mortgage, lien, pledge or other encumbrance in any way affecting the Property;

(f) INTENTIONALLY DELETED.

(g) Seller lawfully possesses good and marketable fee simple title to the Property, free and clear of all liens, encumbrances, and other exceptions to title except for the Permitted Exceptions, and Seller has the good and valid right to convey the same to Buyer without the joinder or approval of any other person or entity whatsoever; any and all subdivision or other approvals necessary for the conveyance of the Property have been obtained;

(h) Neither the entering into this Agreement nor the consummation of the transactions contemplated herein will cause a violation of breach by Seller of any contracts, agreements, or instruments to which Seller is a party or by which Seller or any of the Property is bound;

(i) There is no litigation or proceeding pending, or to Seller's actual knowledge threatened, against or relating to any of the Property;

(j) To Seller's actual knowledge there exists no requirement to comply with any state, regional, or local "impact" or similar laws, statutes, ordinances, codes, or regulations of any kind or nature whatsoever in connection with development of the Property (Seller covenants to notify Buyer in writing if any such requirement is enacted prior to Closing);

(k) To Seller's knowledge, no pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritant or contaminant, such as smoke, vapor, soot, fumes, alkalis, acids, chemicals or wastes (including materials to be recycled, reconditioned or reclaimed) have been or shall be stored, discharged, released, generated, dispersed, treated, disposed of or allowed to escape from the Property; no asbestos or asbestos-containing materials have been or shall be installed, used, incorporated into or disposed of on the Property; no underground storage tanks are located on the Property, or of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other environmentally prohibited or regulated substance; and to Seller's knowledge, no investigation, administrative order, consent order and agreement, litigation or settlement with respect to any of the foregoing is proposed, threatened, anticipated or in existence with respect to the Property; to Seller's knowledge the Property is in compliance with all applicable

federal, state and local statutes, laws and regulations; to Seller's knowledge, no notice has been served on the Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources;

(l) The Property is currently zoned B-3.

(m) As of closing all utilities shall be located on or near the Property. Seller represents and warrants that all necessary utilities for the operating of a medical facility are extended and properly dedicated for use with governmental authorities, including but not limited to sewer, water, electricity, gas, and telephone, and that Buyer shall not incur any expense regarding such utility extensions.

(n) There are no valid contracts, options, or other obligations outstanding for the sale, exchange, transfer or lease of the Property, or any portion thereof; there are no consents, approvals or notices required to be obtained from or given by third parties (including governmental agencies or authorities) in connection with Seller's execution and performance of this Agreement; and

(n) Seller warrants that the Property does not include cemetery, Indian burial ground or village, or any other matter of archeological significance that would require the notification or consent of any persons or entity (including, without limitation, the Division of Archaeology of the Tennessee Department of Conservation) in connection with any excavation or construction thereon.

The representations and warranties set forth above shall survive the Closing.

8. Closing

(a) The Closing (herein referred to as the "Closing") of the purchase and sale contemplated herein shall take place at location of Buyer's choosing within thirty (30) days after the last day of the Due Diligence Period as may be extended.

(b) At the Closing, Seller shall deliver the following:

(i) A general warranty deed for the Property fully executed, in recordable form and reasonably acceptable to the Title Insurance Company.

(ii) A materialmen's lien affidavit; and

(iii) Non-foreign affidavit required by Buyer to discharge its obligations pursuant to Section 1445 of the United States Internal Revenue Code.

(iv) any other closing documents required by the Title Company or reasonably requested by Buyer.

(c) At the Closing, Buyer shall receive a properly issued title policy consistent with the provisions of this Agreement.

9. Default.

(a) In the event that Buyer defaults, Seller shall, at its sole remedy, shall be paid the Earnest Money and interest earned thereon, if any, as agreed upon liquidated damages as its sole remedy, and the parties shall be relieved from any further liability hereunder. The Buyer and Seller acknowledge and agree that Seller's damages would be difficult to ascertain but that the Earnest Money is a reasonable estimate of such damages and is hereby deemed fair and reasonable under the circumstances.

(b) In the event that Seller defaults, Buyer shall, at its option, be entitled:

(i) to compel Seller to convey the Property by a suit for specific performance, in which event Seller waives the defense of lack of mutuality;

(ii) to declare this Agreement terminated in which event Buyer shall be entitled to immediate return of the Earnest Money and interest earned thereon, if any, and the parties shall thereafter be relieved from any further liability hereunder, or

(iii) to bring a suit for damages in which event Buyer shall be entitled to receive the Earnest Money and interest earned thereon, if any, together with such damages as may be awarded in such suit.

The parties hereby waive the lack of mutuality of remedies.

10. Risk of Loss. All risk of loss of or to the Property, in whole or in part, as a result of any casualty or the exercise of the power of eminent domain shall remain on Seller until the transfer of legal title to Buyer pursuant to the purchase. If, before the date of closing of the purchase, any condemnation (taking by eminent domain) proceeding is or has been commenced with respect to the improvements thereon, Buyer shall have the option of either terminating this Agreement or of completing the purchase contemplated herein, which election shall be made within fifteen (15) days of receipt of written notice of such condemnation or casualty. In the event Buyer shall elect to terminate this Agreement, Buyer shall be refunded the Earnest Money together with interest thereon, if any, and all parties shall be relieved and discharged of any further liability hereunder. If, however, Buyer shall elect to complete this transaction, Buyer shall be entitled to receive the entire award for the Property or the portion thereof so taken or the entire amount of any insurance proceeds. Seller shall execute and deliver to Buyer at the closing hereunder all proper instruments of the assignment and collection of any such proceeds and awards.

11. Broker and Commission. Seller and Buyer each represent and warrant to the other that there are no brokers involved in the transaction contemplated herein other than Cornerstone CRES whose commission of six percent (6%) of the Purchase Price shall be paid by the Seller upon receipt of the Purchase Price, as and when received by the Seller. If any claim is made or brought by any broker in connection with this transaction, the party whose conduct or agreement gave rise to such claim shall indemnify the other for any damage or expense sustained in connection therewith, including without limitation, reasonable attorney's fees. The provisions of this paragraph shall survive the closing.

12. Notices. Any notice, demand, instruction or other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered in person or sent by first class, registered or certified mail, postage fully prepaid, by overnight delivery service or by telegram (which term shall be deemed to include mailgrams) addressed as follows:

To Buyer: Strategic Behavioral Health, L.L.C.
8295 Tournament Drive, Suite 201
Memphis, Tennessee 38125
Attn: Mike Garone

With Copy to: Evans Petree, PC
1000 Ridgeway Loop Road, Suite 200
Memphis, Tennessee 38120
Attn: E. Woods Weathersby

Evans Petree PC
1000 Ridgeway Loop Road, Suite 200
Memphis, Tennessee 38120
Attn: Richard E.M. Nichol Jr.

To Seller: Roger A Ball & Carroll E. Rose
P.O. Box 237
Tazewell, TN 37879-0237

13. Miscellaneous.

(a) This Agreement shall be binding upon each of the parties hereto and their respective successors and assigns.

(b) This Agreement and its exhibits constitute the entire agreement of the parties, and no other statement or representation shall be considered a part of this Agreement, or binding upon the parties, unless the same shall be contained herein.

(c) Buyer shall have the right to transfer or assign this Agreement without the prior written consent of Seller, and upon such assignment, the Buyer originally identified above shall be relieved of all obligations hereunder (other than the deposit of the Earnest Money), which obligations shall become the responsibility of the assignee.

(d) Time is of the essence of this Agreement.

(e) This Agreement may be executed in any number of counterparts, any one or all of which shall constitute the agreement of the parties.

(f) The captions contained herein are for purposes of identification and convenience only and shall not be considered in construing this Agreement.

(g) This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

(h) All representations, warranties, covenants, and indemnities contained herein shall survive the closing of the purchase and sale of the Property and for a period of three (3) years thereafter.

(i) The prevailing party in any action commenced due to the breach hereof shall be entitled to recover its costs, expenses and reasonable attorney's fees incurred in the enforcement of this Agreement.

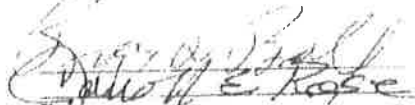
14. Approval by Seller. Not later than December 10th, 2013, Seller shall execute this Agreement and shall deliver the executed Agreement to Buyer. If Seller fails to do so, this offer shall terminate.

The remainder of this page is intentionally blank.

IN WITNESS WHEREOF each of the parties hereto has signed this Agreement on the date shown below of their respective signatures.

SELLER(S):

Roger A Ball & Carroll E. Rose


Date: _____
Time: _____

BUYER(S): SBH-Kingsport, L.L.C.

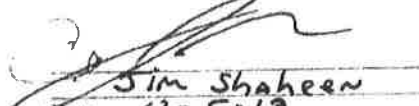

Date: 12-5-13
Time: _____

EXHIBIT A
Indian Trail Dr. Kingsport, TN
PARCEL # 047P A 004.05
Approximately 9.69 acres



B.III.A. - Plot Plan

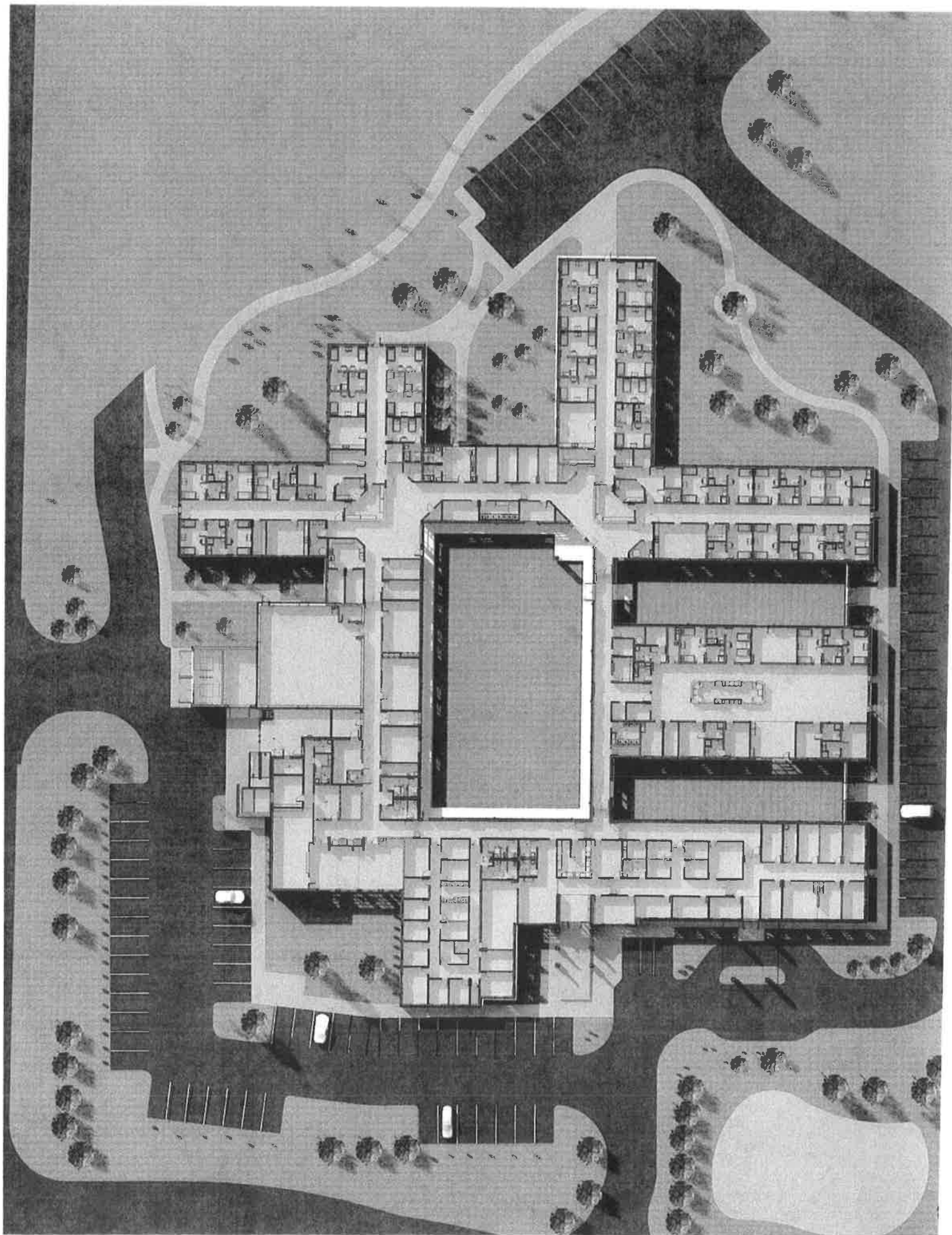
Executive
Park
Boulevard

6.14 ac

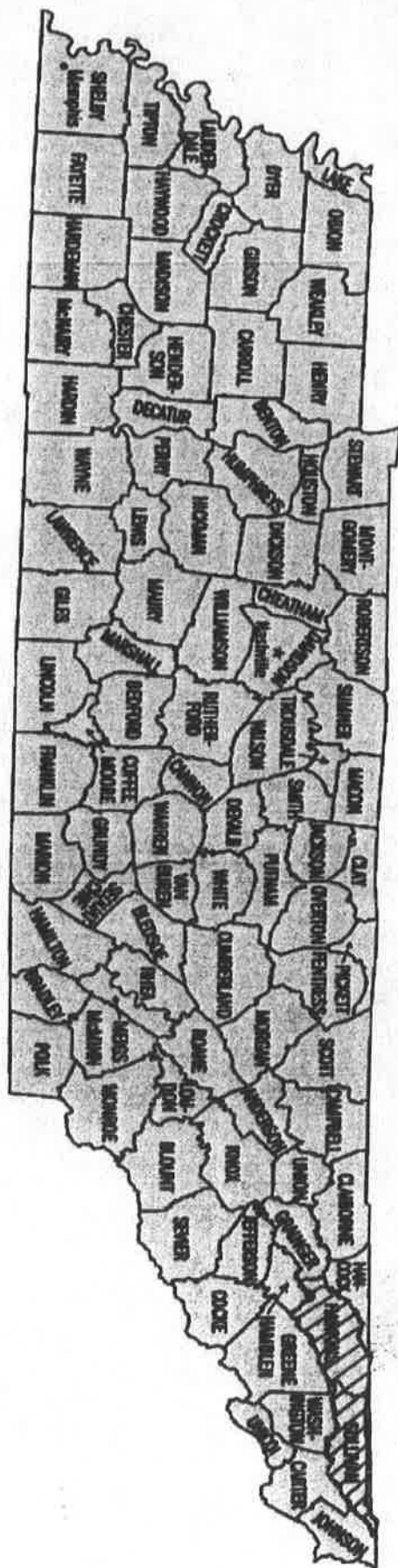
571611

NOTES:
THIS PROPERTY IS ZONED "R-3" AND "M-1A" AS SHOWN AREA
UTILITY AND DRAINAGE EASEMENTS INSIDE FLOOD INSUR-
ANCE FLOODWAY AND/OR FLOOD INSUR-
ANCE FLOODWAY AND/OR FLOOD INSUR-

B.IV. - Floor Plan



C.3. - Service Area Map



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Virginia County Selection Map



C.4.A. - Demographics

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY- Sullivan RACE/SEX- Total	AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	0 to 4	8,008	8,052	8,097	8,144	8,191	8,235	8,288	8,339	8,393	8,443	8,497
	5 to 9	8,766	8,785	8,803	8,822	8,838	8,857	8,902	8,943	8,990	9,037	9,084
	10 to 14	8,918	8,956	8,990	9,027	9,067	9,106	9,122	9,136	9,148	9,163	9,178
	15 to 19	9,801	9,701	9,600	9,501	9,401	9,306	9,244	9,179	9,117	9,057	8,996
	20 to 24	8,718	8,753	8,792	8,829	8,865	8,903	8,907	8,938	8,973	9,008	9,044
	25 to 29	8,452	8,531	8,612	8,696	8,779	8,868	8,904	8,938	8,973	9,008	9,044
	30 to 34	8,073	8,171	8,271	8,374	8,482	8,590	8,661	8,735	8,810	8,889	8,970
	35 to 39	9,896	9,521	9,157	8,806	8,471	8,150	7,844	7,544	7,244	6,944	6,644
	40 to 44	10,532	10,406	10,282	10,157	10,040	9,921	9,544	9,177	8,825	8,486	8,163
	45 to 49	11,724	11,510	11,300	11,092	10,891	10,692	10,564	10,437	10,314	10,192	10,072
	50 to 54	11,868	11,811	11,750	11,694	11,639	11,584	11,374	11,164	10,959	10,761	10,565
	55 to 59	11,126	11,178	11,234	11,286	11,344	11,398	11,343	11,290	11,235	11,182	11,130
	60 to 64	10,388	10,420	10,453	10,488	10,525	10,564	10,619	10,672	10,728	10,782	10,838
	65 to 69	8,599	8,782	8,968	9,160	9,355	9,557	9,593	9,630	9,668	9,710	9,752
	70 to 74	6,564	6,755	6,953	7,155	7,365	7,580	7,750	7,922	8,101	8,284	8,471
	75 to 79	5,000	5,093	5,184	5,280	5,378	5,478	5,647	5,824	6,004	6,192	6,382
	80 to 84	3,903	3,879	3,857	3,833	3,811	3,789	3,866	3,948	4,030	4,117	4,203
	85 plus	3,760	3,851	3,947	4,043	4,141	4,242	4,300	4,359	4,421	4,479	4,543

ALL AGES 154,096 154,155 154,250 154,387 154,563 154,820 154,872 154,946 155,077 155,255 155,475

COUNTY- Sullivan
RACE/SEX- White Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	3,958	3,980	4,002	4,026	4,048	4,070	4,095	4,120	4,146	4,171	4,196
5 to 9	4,342	4,352	4,362	4,372	4,381	4,391	4,413	4,434	4,457	4,481	4,505
10 to 14	4,396	4,418	4,438	4,458	4,482	4,504	4,512	4,520	4,527	4,535	4,543
15 to 19	4,853	4,800	4,747	4,694	4,641	4,589	4,610	4,631	4,652	4,674	4,695
20 to 24	4,215	4,231	4,248	4,265	4,281	4,298	4,250	4,203	4,157	4,111	4,065
25 to 29	3,964	4,018	4,074	4,130	4,186	4,244	4,259	4,273	4,288	4,302	4,317
30 to 34	3,825	3,860	3,893	3,929	3,965	4,001	4,053	4,105	4,158	4,212	4,266
35 to 39	4,730	4,537	4,351	4,173	4,002	3,840	3,872	3,903	3,936	3,969	4,002
40 to 44	5,072	5,005	4,939	4,872	4,808	4,743	4,549	4,360	4,180	4,007	3,843
45 to 49	5,562	5,471	5,383	5,295	5,209	5,125	5,056	4,988	4,921	4,854	4,788
50 to 54	5,678	5,635	5,591	5,548	5,506	5,465	5,377	5,290	5,202	5,119	5,036
55 to 59	5,157	5,206	5,257	5,308	5,359	5,410	5,370	5,331	5,290	5,249	5,211
60 to 64	4,813	4,814	4,814	4,815	4,816	4,816	4,865	4,914	4,964	5,013	5,064
65 to 69	3,944	4,015	4,087	4,161	4,236	4,312	4,316	4,320	4,324	4,328	4,332
70 to 74	2,923	3,009	3,098	3,189	3,283	3,380	3,446	3,513	3,582	3,652	3,723
75 to 79	2,035	2,090	2,145	2,202	2,261	2,321	2,395	2,473	2,552	2,635	2,719
80 to 84	1,397	1,402	1,407	1,411	1,416	1,421	1,464	1,509	1,555	1,603	1,652
85 plus	1,060	1,087	1,116	1,144	1,174	1,204	1,228	1,251	1,276	1,300	1,326

ALL AGES 71,924 71,930 71,952 71,993 72,053 72,134 72,130 72,138 72,167 72,215 72,283

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY - Sullivan RACE/SEX - White Female												
AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
0 to 4	3,749	3,769	3,789	3,810	3,832	3,852	3,877	3,900	3,925	3,948	3,973	
5 to 9	4,106	4,114	4,122	4,131	4,138	4,146	4,167	4,186	4,208	4,231	4,253	
10 to 14	4,157	4,180	4,201	4,223	4,247	4,269	4,276	4,282	4,288	4,295	4,301	
15 to 19	4,607	4,550	4,492	4,435	4,379	4,323	4,347	4,370	4,394	4,418	4,442	
20 to 24	4,193	4,211	4,230	4,248	4,266	4,285	4,304	4,322	4,342	4,360	4,378	
25 to 29	4,104	4,147	4,191	4,235	4,279	4,324	4,368	4,412	4,456	4,500	4,544	
30 to 34	3,959	4,003	4,048	4,093	4,139	4,185	4,230	4,275	4,320	4,365	4,410	
35 to 39	4,863	4,681	4,502	4,331	4,166	4,007	4,049	4,091	4,134	4,177	4,221	
40 to 44	5,152	5,095	5,039	4,983	4,929	4,874	4,691	4,513	4,341	4,175	4,016	
45 to 49	5,811	5,692	5,574	5,458	5,345	5,234	5,176	5,117	5,061	5,004	4,948	
50 to 54	5,827	5,812	5,796	5,781	5,765	5,749	5,631	5,513	5,399	5,287	5,178	
55 to 59	5,631	5,637	5,643	5,648	5,655	5,661	5,646	5,631	5,616	5,601	5,586	
60 to 64	5,354	5,367	5,382	5,395	5,409	5,422	5,435	5,448	5,462	5,475	5,488	
65 to 69	4,487	4,591	4,698	4,807	4,919	5,033	5,048	5,063	5,078	5,094	5,109	
70 to 74	3,541	3,640	3,742	3,846	3,954	4,064	4,162	4,262	4,364	4,469	4,577	
75 to 79	2,917	2,917	2,956	2,996	3,036	3,077	3,167	3,260	3,356	3,455	3,556	
80 to 84	2,451	2,421	2,392	2,362	2,333	2,305	2,341	2,378	2,415	2,454	2,493	
85 plus	2,643	2,706	2,771	2,837	2,904	2,973	3,006	3,040	3,073	3,107	3,142	
ALL AGES	77,513	77,533	77,568	77,619	77,695	77,783	77,808	77,839	77,896	77,972	78,064	

COUNTY - Sullivan
RACE/SEX - Black Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
0 to 4	114	114	114	113	113	113	113	114	113	112	112	
5 to 9	108	108	108	108	108	108	108	107	107	106	106	
10 to 14	135	130	125	121	116	112	112	112	112	112	112	
15 to 19	142	143	143	144	144	145	140	134	129	125	120	
20 to 24	116	117	117	117	118	118	119	119	120	120	121	
25 to 29	144	135	126	118	110	103	104	105	105	106	107	
30 to 34	92	101	111	121	133	146	136	127	119	111	104	
35 to 39	100	99	98	96	95	94	103	113	123	135	148	
40 to 44	108	107	106	104	103	102	101	100	98	97	96	
45 to 49	137	132	126	121	117	112	111	110	109	108	107	
50 to 54	117	122	126	131	137	142	137	131	126	122	117	
55 to 59	123	120	117	114	112	109	114	118	123	129	134	
60 to 64	63	70	79	88	98	110	108	105	103	101	99	
65 to 69	53	53	53	53	53	53	59	67	75	84	94	
70 to 74	28	30	33	36	39	42	42	42	43	43	43	
75 to 79	21	21	21	21	21	21	23	25	27	29	31	
80 to 84	14	14	14	14	14	14	14	14	14	14	14	
85 plus	12	12	12	13	13	13	13	13	14	14	14	
ALL AGES	1,627	1,627	1,629	1,633	1,644	1,657	1,657	1,656	1,660	1,668	1,679	

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY - Sullivan		RACE/SEX - Black Female												
AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
0 to 4	113	113	113	113	113	113	112	112	112	112	112	112		
5 to 9	108	108	108	107	107	107	107	107	106	106	106	106		
10 to 14	131	127	123	119	115	111	111	111	110	110	110	110		
15 to 19	112	117	122	127	132	138	134	129	125	121	117	110		
20 to 24	107	106	106	105	104	104	108	113	117	122	127	127		
25 to 29	107	106	104	103	101	100	100	99	99	98	98	98		
30 to 34	75	80	86	92	99	106	105	104	102	101	100	100		
35 to 39	69	72	70	72	73	74	80	85	92	99	106	106		
40 to 44	100	93	86	80	74	69	70	71	72	73	74	70		
45 to 49	97	98	98	99	99	100	93	87	81	75	70	70		
50 to 54	126	120	114	109	104	99	99	100	100	101	101	101		
55 to 59	117	118	119	119	120	121	115	110	105	100	95	101		
60 to 64	77	83	89	96	104	112	113	114	115	116	117	117		
65 to 69	63	65	66	68	69	71	77	83	89	96	104	104		
70 to 74	43	45	48	50	53	56	58	59	61	62	64	64		
75 to 79	42	41	39	38	37	36	38	40	42	44	46	46		
80 to 84	31	31	31	32	32	32	31	30	30	29	28	28		
85 plus	40	41	42	42	43	44	45	45	46	46	47	47		
ALL AGES	1,558	1,562	1,565	1,571	1,580	1,593	1,596	1,599	1,604	1,611	1,622	1,622		

COUNTY - Sullivan
RACE/SEX - Other Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
0 to 4	38	39	41	42	44	45	47	48	50	51	53		
5 to 9	54	55	55	56	56	57	58	59	60	60	60		
10 to 14	45	47	49	52	54	57	58	58	59	59	60		
15 to 19	42	43	45	47	48	50	52	54	57	59	62		
20 to 24	45	46	46	47	47	48	49	51	52	54	55		
25 to 29	72	67	62	57	53	49	49	50	52	54	55		
30 to 34	60	63	67	71	75	79	73	67	62	57	53		
35 to 39	75	74	73	71	70	69	72	76	80	84	88		
40 to 44	47	51	55	59	64	69	68	67	66	65	64		
45 to 49	51	52	54	55	57	58	63	68	73	79	85		
50 to 54	49	51	52	54	56	58	60	61	63	64	66		
55 to 59	46	45	45	44	44	43	42	42	41	41	40		
60 to 64	34	36	37	39	41	43	44	43	45	48	50		
65 to 69	28	30	32	34	36	39	41	43	45	48	50		
70 to 74	14	15	15	16	17	18	19	20	21	23	24		
75 to 79	8	9	9	10	10	11	11	12	12	13	13		
80 to 84	3	3	4	4	5	5	5	6	6	7	7		
85 plus	1	1	2	2	2	3	3	4	5	5	6		
ALL AGES	712	727	743	760	779	801	814	832	849	869	887		

COUNTY- Sullivan
RACE/SEX- Other Female

Population Projections,
Tennessee Counties and the State,
2010-2020

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	36	37	38	40	41	42	44	45	47	49	51
5 to 9	48	48	48	48	48	48	49	50	52	53	54
10 to 14	54	54	54	53	53	53	53	53	52	52	52
15 to 19	45	48	51	54	57	61	61	61	60	60	60
20 to 24	42	43	45	47	48	50	53	57	61	65	69
25 to 29	61	58	55	53	50	48	50	51	53	54	56
30 to 34	62	64	66	68	71	73	69	66	62	59	56
35 to 39	59	60	62	63	65	66	68	70	72	74	76
40 to 44	53	55	57	59	62	64	65	66	68	69	70
45 to 49	66	65	65	64	64	63	65	67	69	72	74
50 to 54	71	71	71	71	71	71	70	69	69	68	67
55 to 59	52	52	53	53	54	54	54	54	54	54	54
60 to 64	47	50	52	55	58	61	62	62	63	63	64
65 to 69	24	28	32	37	42	49	52	54	57	60	63
70 to 74	15	16	17	18	19	20	23	26	30	35	40
75 to 79	16	15	14	13	13	12	13	14	15	16	17
80 to 84	7	8	9	10	11	12	11	11	10	10	9
85 plus	4	4	4	5	5	5	5	6	7	7	8
ALL AGES	762	776	793	811	832	852	867	882	901	920	940

**Population Projections,
Tennessee Counties and the State,
2010-2020**

COUNTY - Hawkins RACE/SEX - Total		Tennessee Counties and the State, 2010-2020										
AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
0 to 4	3,370	3,396	3,423	3,452	3,483	3,513	3,538	3,564	3,595	3,626	3,657	
5 to 9	3,527	3,543	3,561	3,576	3,593	3,609	3,635	3,661	3,687	3,715	3,741	
10 to 14	3,646	3,669	3,693	3,716	3,740	3,761	3,774	3,786	3,799	3,813	3,827	
15 to 19	3,877	3,894	3,914	3,934	3,956	3,980	4,000	4,024	4,046	4,066	4,091	
20 to 24	3,400	3,451	3,499	3,548	3,600	3,656	3,671	3,689	3,708	3,727	3,748	
25 to 29	3,441	3,489	3,541	3,589	3,639	3,690	3,742	3,791	3,839	3,891	3,943	
30 to 34	3,389	3,433	3,478	3,521	3,572	3,623	3,667	3,706	3,750	3,793	3,838	
35 to 39	4,160	4,006	3,860	3,724	3,585	3,458	3,497	3,536	3,578	3,623	3,665	
40 to 44	4,366	4,333	4,301	4,272	4,243	4,215	4,056	3,903	3,760	3,617	3,484	
45 to 49	4,333	4,336	4,338	4,342	4,345	4,349	4,313	4,280	4,247	4,215	4,184	
50 to 54	4,203	4,242	4,283	4,325	4,368	4,413	4,411	4,409	4,407	4,406	4,405	
55 to 59	3,958	4,001	4,045	4,092	4,136	4,184	4,219	4,256	4,294	4,334	4,374	
60 to 64	3,810	3,818	3,822	3,829	3,837	3,846	3,886	3,927	3,969	4,011	4,055	
65 to 69	3,207	3,302	3,401	3,502	3,606	3,711	3,716	3,723	3,728	3,733	3,741	
70 to 74	2,302	2,392	2,487	2,585	2,689	2,794	2,878	2,965	3,054	3,146	3,240	
75 to 79	1,604	1,657	1,714	1,772	1,830	1,895	1,973	2,051	2,137	2,224	2,316	
80 to 84	1,108	1,128	1,147	1,167	1,187	1,209	1,253	1,299	1,345	1,393	1,444	
85 plus	1,110	1,134	1,158	1,185	1,211	1,237	1,265	1,295	1,328	1,358	1,390	

ALL AGES 58,811 59,224 59,665 60,131 60,620 61,143 61,494 61,865 62,271 62,691 63,143

**COUNTY - Hawkins
RACE/SEX - White Male**

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	1,655	1,668	1,680	1,694	1,708	1,722	1,733	1,747	1,762	1,777	1,792
5 to 9	1,738	1,744	1,751	1,756	1,762	1,768	1,780	1,793	1,805	1,817	1,828
10 to 14	1,791	1,804	1,816	1,829	1,839	1,851	1,856	1,859	1,864	1,868	1,873
15 to 19	1,929	1,931	1,934	1,936	1,939	1,941	1,952	1,964	1,975	1,986	1,992
20 to 24	1,660	1,679	1,697	1,716	1,736	1,757	1,759	1,761	1,762	1,764	1,765
25 to 29	1,617	1,648	1,680	1,709	1,739	1,770	1,788	1,806	1,824	1,844	1,865
30 to 34	1,582	1,601	1,619	1,638	1,660	1,680	1,708	1,735	1,762	1,790	1,819
35 to 39	2,003	1,915	1,832	1,754	1,676	1,604	1,620	1,636	1,653	1,670	1,687
40 to 44	2,120	2,099	2,078	2,057	2,038	2,018	1,927	1,842	1,762	1,682	1,609
45 to 49	2,092	2,095	2,099	2,102	2,106	2,109	2,087	2,065	2,043	2,021	2,000
50 to 54	2,061	2,075	2,089	2,103	2,117	2,131	2,132	2,134	2,135	2,137	2,138
55 to 59	1,888	1,920	1,952	1,985	2,019	2,053	2,065	2,077	2,089	2,102	2,114
60 to 64	1,835	1,832	1,827	1,824	1,819	1,816	1,847	1,878	1,910	1,942	1,975
65 to 69	1,546	1,587	1,630	1,674	1,719	1,761	1,758	1,758	1,754	1,750	1,747
70 to 74	1,070	1,116	1,164	1,214	1,266	1,320	1,357	1,394	1,434	1,473	1,514
75 to 79	658	688	720	754	787	824	861	899	940	981	1,025
80 to 84	401	409	418	427	437	447	469	493	517	544	571
85 plus	293	302	312	322	332	343	353	365	377	388	401

ALL AGES 27,939 28,113 28,298 28,494 28,699 28,918 29,055 29,206 29,368 29,536 29,723

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY- Hawkins		I ennessee Counties and the State,										
RACE/SEX- White Female		2010-2020										
AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
0 to 4	1,645	1,656	1,669	1,682	1,696	1,710	1,723	1,734	1,748	1,763	1,778	
5 to 9	1,718	1,727	1,736	1,745	1,754	1,763	1,775	1,786	1,798	1,810	1,822	
10 to 14	1,760	1,775	1,790	1,805	1,821	1,834	1,841	1,848	1,856	1,864	1,872	
15 to 19	1,850	1,869	1,889	1,908	1,927	1,947	1,960	1,975	1,989	2,002	2,016	
20 to 24	1,659	1,689	1,718	1,747	1,778	1,811	1,827	1,844	1,861	1,877	1,893	
25 to 29	1,750	1,767	1,784	1,801	1,818	1,836	1,870	1,900	1,930	1,960	1,991	
30 to 34	1,758	1,779	1,800	1,821	1,843	1,868	1,882	1,894	1,907	1,920	1,933	
35 to 39	2,088	2,027	1,968	1,913	1,856	1,803	1,821	1,838	1,858	1,879	1,897	
40 to 44	2,158	2,151	2,144	2,138	2,130	2,123	2,060	1,997	1,937	1,878	1,821	
45 to 49	2,167	2,164	2,160	2,157	2,153	2,150	2,141	2,132	2,123	2,114	2,105	
50 to 54	2,029	2,063	2,098	2,134	2,170	2,207	2,201	2,194	2,188	2,181	2,175	
55 to 59	1,967	1,978	1,990	2,002	2,013	2,025	2,057	2,089	2,122	2,156	2,190	
60 to 64	1,903	1,909	1,915	1,920	1,927	1,933	1,943	1,952	1,962	1,972	1,982	
65 to 69	1,608	1,659	1,712	1,766	1,822	1,878	1,882	1,898	1,892	1,897	1,902	
70 to 74	1,201	1,243	1,288	1,332	1,381	1,429	1,474	1,521	1,567	1,617	1,667	
75 to 79	919	943	969	996	1,022	1,050	1,089	1,127	1,168	1,210	1,253	
80 to 84	684	696	707	719	730	742	764	787	810	832	856	
85 plus	791	806	820	836	852	867	885	903	922	941	960	

COUNTY- Hawkins
RACE/SEX- Black Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	25	25	26	26	27	27	27	27	28	28	28
5 to 9	24	24	25	25	26	26	26	27	27	28	28
10 to 14	34	32	30	28	27	25	25	26	26	27	27
15 to 19	37	37	36	36	35	35	33	32	30	28	27
20 to 24	26	27	28	28	29	30	30	30	29	29	29
25 to 29	22	22	23	23	24	24	24	25	25	26	26
30 to 34	18	19	20	20	21	22	23	23	24	24	25
35 to 39	17	17	17	18	18	18	19	20	21	22	23
40 to 44	29	26	24	22	20	18	18	18	19	19	19
45 to 49	29	29	29	29	29	29	26	24	22	20	18
50 to 54	49	45	41	37	34	31	31	31	31	31	31
55 to 59	42	43	43	44	44	45	41	38	35	32	29
60 to 64	29	31	32	34	36	38	38	39	39	40	40
65 to 69	14	16	18	20	22	25	26	28	30	31	33
70 to 74	11	11	11	12	12	12	13	15	17	19	21
75 to 79	8	8	8	7	7	7	7	7	8	8	8
80 to 84	8	8	7	7	6	6	6	6	6	6	6
85 plus	6	6	6	7	7	7	7	7	7	7	7
ALL AGES	428	426	424	423	424	425	420	423	424	425	425

COUNTY - Hawkins
RACE/SEX - Black Female

Population Projections,
Tennessee Counties and the State,
2010-2020

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	25	25	26	26	27	27	27	27	27	27	27
5 to 9	24	25	25	26	26	27	27	28	28	29	29
10 to 14	23	23	24	24	25	25	26	26	27	27	28
15 to 19	46	40	35	31	27	24	24	25	25	26	26
20 to 24	29	31	33	35	37	39	34	30	27	24	21
25 to 29	30	30	30	31	31	31	33	34	36	38	40
30 to 34	17	19	21	23	25	28	28	29	29	29	29
35 to 39	19	19	18	18	17	17	19	21	23	25	26
40 to 44	35	34	31	24	21	19	19	18	18	17	17
45 to 49	22	24	26	29	31	34	30	27	24	21	19
50 to 54	37	33	30	27	24	22	24	26	29	32	35
55 to 59	43	41	40	39	37	36	32	29	26	23	21
60 to 64	31	33	35	37	40	42	40	39	37	35	34
65 to 69	24	25	26	27	28	29	31	32	34	36	38
70 to 74	13	14	16	18	20	22	23	24	25	26	27
75 to 79	12	12	12	11	11	11	12	14	15	17	19
80 to 84	10	10	10	10	10	10	10	10	9	9	9
85 plus	17	17	17	16	16	16	16	16	16	16	16
ALL AGES	457	452	451	452	453	459	455	454	455	457	463

COUNTY - Hawkins
RACE/SEX - Other Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	10	11	11	12	13	14	14	15	15	16	16
5 to 9	12	12	12	12	12	12	13	13	14	15	16
10 to 14	14	14	14	13	13	13	13	13	12	12	12
15 to 19	3	4	6	8	11	15	15	14	14	13	13
20 to 24	9	8	7	6	5	4	5	7	10	13	18
25 to 29	13	12	12	11	11	10	9	8	7	6	5
30 to 34	7	8	10	11	14	16	15	14	13	13	12
35 to 39	14	12	11	9	8	7	8	10	11	14	16
40 to 44	14	14	15	15	16	16	14	12	11	9	8
45 to 49	9	10	11	12	14	15	15	16	16	17	17
50 to 54	10	10	9	8	8	8	9	10	11	12	13
55 to 59	5	6	7	8	9	11	10	10	9	9	8
60 to 64	7	7	6	6	5	5	6	7	8	9	11
65 to 69	6	7	7	8	8	9	9	9	8	8	8
70 to 74	4	4	4	4	4	4	4	5	5	6	6
75 to 79	3	3	3	2	2	2	2	2	2	2	2
80 to 84	2	2	2	2	2	2	2	2	2	2	2
85 plus	0	0	0	0	0	0	0	0	1	1	1
ALL AGES	142	144	147	148	155	163	163	167	169	177	184

COUNTY - Hawkins
RACE/SEX - Other Female

Population Projections,
Tennessee Counties and the State,
2010-2020

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	10	11	11	11	12	12	14	14	15	15	16
5 to 9	11	11	11	12	13	13	14	14	15	16	17
10 to 14	24	21	19	17	15	13	13	14	14	15	15
15 to 19	12	13	14	15	17	18	16	14	13	11	10
20 to 24	17	17	16	16	15	15	16	17	19	20	22
25 to 29	9	10	12	14	16	19	18	18	17	17	16
30 to 34	7	7	8	8	9	9	11	12	15	17	20
35 to 39	19	16	14	12	10	9	10	11	12	13	14
40 to 44	10	12	13	16	18	21	18	16	13	12	10
45 to 49	14	14	13	13	12	12	14	16	19	22	25
50 to 54	17	16	16	15	15	14	14	14	13	13	13
55 to 59	13	13	13	14	14	14	14	12	13	12	12
60 to 64	5	6	7	8	10	12	12	12	13	13	13
65 to 69	9	8	8	7	7	6	7	8	10	11	13
70 to 74	3	4	4	5	6	7	7	6	6	5	5
75 to 79	4	3	2	2	1	1	2	2	4	6	9
80 to 84	3	3	3	2	2	2	2	1	1	0	0
85 plus	3	3	3	4	4	4	4	4	5	5	5
ALL AGES	190	188	188	192	196	202	206	206	217	223	235

U.S. Department of Commerce

People Business Geography Data Research

State & County QuickFacts

Lee County, Virginia

People QuickFacts	Lee County	Virginia
Population, 2012 estimate	25,474	8,185,867
Population, 2010 (April 1) estimates base	25,587	8,001,031
Population, percent change, April 1, 2010 to July 1, 2012	-0.4%	2.3%
Population, 2010	25,587	8,001,024
Persons under 5 years, percent, 2012	5.1%	6.2%
Persons under 18 years, percent, 2012	19.8%	22.7%
Persons 65 years and over, percent, 2012	17.5%	13.0%
Female persons, percent, 2012	47.9%	50.9%
White alone, percent, 2012 (a)	94.7%	71.1%
Black or African American alone, percent, 2012 (a)	3.9%	19.7%
American Indian and Alaska Native alone, percent, 2012 (a)	0.4%	0.5%
Asian alone, percent, 2012 (a)	0.2%	6.0%
Native Hawaiian and Other Pacific Islander alone, percent, 2012 (a)	Z	0.1%
Two or More Races, percent, 2012	0.8%	2.6%
Hispanic or Latino, percent, 2012 (b)	1.7%	8.4%
White alone, not Hispanic or Latino, percent, 2012	93.3%	64.1%
Living in same house 1 year & over, percent, 2007-2011	88.9%	84.3%
Foreign born persons, percent, 2007-2011	1.3%	11.0%
Language other than English spoken at home, percent age 5+, 2007-2011	3.2%	14.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	72.5%	86.6%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	11.8%	34.4%
Veterans, 2007-2011	1,783	743,070
Mean travel time to work (minutes), workers age 16+, 2007-2011	28.7	27.3
Housing units, 2011	11,768	3,387,654
Homeownership rate, 2007-2011	75.0%	68.4%
Housing units in multi-unit structures, percent, 2007-2011	6.7%	21.4%
Median value of owner-occupied housing units, 2007-2011	\$77,900	\$254,600

Households, 2007-2011	10,001	2,991,025
Persons per household, 2007-2011	2.38	2.57
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$16,669	\$33,040
Median household income, 2007-2011	\$32,588	\$63,302
Persons below poverty level, percent, 2007-2011	22.7%	10.7%

Business QuickFacts	Lee County	Virginia
Private nonfarm establishments, 2011	279	191,063 ²
Private nonfarm employment, 2011	3,383	3,029,030 ²
Private nonfarm employment, percent change, 2010-2011	8.0%	1.0% ²
Nonemployer establishments, 2011	1,163	521,053
Total number of firms, 2007	1,046	638,643
Black-owned firms, percent, 2007	F	9.9%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	F	7.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	F	4.5%
Women-owned firms, percent, 2007	32.9%	30.1%
Manufacturers shipments, 2007 (\$1000)	0 ¹	92,417,797
Merchant wholesaler sales, 2007 (\$1000)	27,470	60,513,396
Retail sales, 2007 (\$1000)	171,558	105,663,299
Retail sales per capita, 2007	\$6,868	\$13,687
Accommodation and food services sales, 2007 (\$1000)	8,570	15,340,483
Building permits, 2012	25	27,278

Geography QuickFacts	Lee County	Virginia
Land area in square miles, 2010	435.52	39,490.09
Persons per square mile, 2010	58.8	202.6
FIPS Code	105	51
Metropolitan or Micropolitan Statistical Area	None	

1: Counties with 500 employees or less are excluded.

2: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 25 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
Last Revised: Thursday, 27-Jun-2013 14:33:41 EDT

U.S. Department of Commerce

People Business Geography Data Research

State & County QuickFacts

Scott County, Virginia

People QuickFacts	Scott County	Virginia
Population, 2012 estimate	22,781	8,185,867
Population, 2010 (April 1) estimates base	23,177	8,001,031
Population, percent change, April 1, 2010 to July 1, 2012	-1.7%	2.3%
Population, 2010	23,177	8,001,024
Persons under 5 years, percent, 2012	4.8%	6.2%
Persons under 18 years, percent, 2012	18.9%	22.7%
Persons 65 years and over, percent, 2012	20.4%	13.0%
Female persons, percent, 2012	49.9%	50.9%
White alone, percent, 2012 (a)	98.2%	71.1%
Black or African American alone, percent, 2012 (a)	0.7%	19.7%
American Indian and Alaska Native alone, percent, 2012 (a)	0.2%	0.5%
Asian alone, percent, 2012 (a)	0.2%	6.0%
Native Hawaiian and Other Pacific Islander alone, percent, 2012 (a)	0.1%	0.1%
Two or More Races, percent, 2012	0.6%	2.6%
Hispanic or Latino, percent, 2012 (b)	1.2%	8.4%
White alone, not Hispanic or Latino, percent, 2012	97.2%	64.1%
Living in same house 1 year & over, percent, 2007-2011	91.4%	84.3%
Foreign born persons, percent, 2007-2011	0.8%	11.0%
Language other than English spoken at home, percent age 5+, 2007-2011	1.5%	14.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	73.3%	86.6%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	11.6%	34.4%
Veterans, 2007-2011	1,635	743,070
Mean travel time to work (minutes), workers age 16+, 2007-2011	28.3	27.3
Housing units, 2011	11,933	3,387,654
Homeownership rate, 2007-2011	78.0%	68.4%
Housing units in multi-unit structures, percent, 2007-2011	4.8%	21.4%
Median value of owner-occupied housing units, 2007-2011	\$90,400	\$254,600

Households, 2007-2011	9,701	2,991,025
Persons per household, 2007-2011	2.36	2.57
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$20,501	\$33,040
Median household income, 2007-2011	\$35,846	\$63,302
Persons below poverty level, percent, 2007-2011	18.3%	10.7%

Business QuickFacts	Scott County	Virginia
Private nonfarm establishments, 2011	299	191,063 ¹
Private nonfarm employment, 2011	3,365	3,029,030 ¹
Private nonfarm employment, percent change, 2010-2011	-1.0%	1.0% ¹
Nonemployer establishments, 2011	1,003	521,053

Total number of firms, 2007	1,319	638,643
Black-owned firms, percent, 2007	F	9.9%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	F	7.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	F	4.5%
Women-owned firms, percent, 2007	S	30.1%

Manufacturers shipments, 2007 (\$1000)	451,508	92,417,797
Merchant wholesaler sales, 2007 (\$1000)	D	60,513,396
Retail sales, 2007 (\$1000)	197,209	105,663,299
Retail sales per capita, 2007	\$8,634	\$13,687
Accommodation and food services sales, 2007 (\$1000)	11,577	15,340,483
Building permits, 2012	29	27,278

Geography QuickFacts	Scott County	Virginia
Land area in square miles, 2010	535.53	39,490.09
Persons per square mile, 2010	43.3	202.6
FIPS Code	169	51
Metropolitan or Micropolitan Statistical Area	Kingsport-Bristol-Bristol, TN-VA Metro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 25 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
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U.S. Department of Commerce

People Business Geography Data Research

State & County QuickFacts

Wise County, Virginia

People QuickFacts	Wise County	Virginia
Population, 2012 estimate	40,918	8,185,867
Population, 2010 (April 1) estimates base	41,452	8,001,031
Population, percent change, April 1, 2010 to July 1, 2012	-1.3%	2.3%
Population, 2010	41,452	8,001,024
Persons under 5 years, percent, 2012	5.6%	6.2%
Persons under 18 years, percent, 2012	20.6%	22.7%
Persons 65 years and over, percent, 2012	14.7%	13.0%
Female persons, percent, 2012	48.4%	50.9%
White alone, percent, 2012 (a)	93.4%	71.1%
Black or African American alone, percent, 2012 (a)	5.1%	19.7%
American Indian and Alaska Native alone, percent, 2012 (a)	0.2%	0.5%
Asian alone, percent, 2012 (a)	0.4%	6.0%
Native Hawaiian and Other Pacific Islander alone, percent, 2012 (a)	Z	0.1%
Two or More Races, percent, 2012	1.0%	2.6%
Hispanic or Latino, percent, 2012 (b)	1.2%	8.4%
White alone, not Hispanic or Latino, percent, 2012	92.3%	64.1%
Living in same house 1 year & over, percent, 2007-2011	86.7%	84.3%
Foreign born persons, percent, 2007-2011	1.7%	11.0%
Language other than English spoken at home, percent age 5+, 2007-2011	2.3%	14.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	70.9%	86.6%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	12.7%	34.4%
Veterans, 2007-2011	3,220	743,070
Mean travel time to work (minutes), workers age 16+, 2007-2011	22.8	27.3
Housing units, 2011	17,875	3,387,654
Homeownership rate, 2007-2011	70.0%	68.4%
Housing units in multi-unit structures, percent, 2007-2011	7.5%	21.4%
Median value of owner-occupied housing units, 2007-2011	\$79,800	\$254,600

Households, 2007-2011	15,477	2,991,025
Persons per household, 2007-2011	2.50	2.57
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$18,458	\$33,040
Median household income, 2007-2011	\$34,717	\$63,302
Persons below poverty level, percent, 2007-2011	21.6%	10.7%

Business QuickFacts	Wise County	Virginia
Private nonfarm establishments, 2011	815	191,063 ²
Private nonfarm employment, 2011	11,355	3,029,030 ²
Private nonfarm employment, percent change, 2010-2011	7.2%	1.0% ²
Nonemployer establishments, 2011	1,594	521,053

Total number of firms, 2007	2,794	638,643
Black-owned firms, percent, 2007	F	9.9%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	F	7.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	F	4.5%
Women-owned firms, percent, 2007	28.1%	30.1%

Manufacturers shipments, 2007 (\$1000)	0 ¹	92,417,797
Merchant wholesaler sales, 2007 (\$1000)	496,136	60,513,396
Retail sales, 2007 (\$1000)	438,617	105,663,299
Retail sales per capita, 2007	\$10,513	\$13,687
Accommodation and food services sales, 2007 (\$1000)	40,082	15,340,483
Building permits, 2012	20	27,278

Geography QuickFacts	Wise County	Virginia
Land area in square miles, 2010	403.19	39,490.09
Persons per square mile, 2010	102.8	202.6
FIPS Code	195	51
Metropolitan or Micropolitan Statistical Area	None	

1: Counties with 500 employees or less are excluded.
 2: Includes data not distributed by county.

(a) Includes persons reporting only one race.
 (b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 25 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
Last Revised: Thursday, 27-Jun-2013 14:33:52 EDT

C. Economic Feasibility 1. - Construction Documentation



ENGAGE DESIGN TRANSFORM

December 10, 2013

Chris Reid
Thomas Construction Group
1111 Military Cutoff Road, Suite 191
Wilmington, NC 28405

RE: Strategic Behavioral Health Facility – Kingsport, TN

ARCHITECTURE
INTERIOR
ARCHITECTURE
PLANNING

Dear Chris:

The design of the new psychiatric treatment facility for Strategic Behavioral Health located in Kingsport, Tennessee will meet applicable building codes and design standards set forth by the City of Kingsport and the Tennessee Department of Health, Division of Health Care Facilities.

The following building codes are enforced in the City of Kingsport:

CHARLESTON
COLUMBIA
GREENVILLE
CHARLOTTE
Raleigh
WILMINGTON

2006 International Building Code
2006 International Mechanical Code
2006 International Energy Conservation Code
2005 National Electrical Code
2002 North Carolina Handicap Code with 2004 Amendments
City of Kingsport Zoning Ordinance

The Tennessee Department of Health, Division of Health Care Facilities enforces the following rules and regulations:

2006 International Building Code
2006 International Plumbing Code
2006 International Mechanical Code
2006 International Gas Code
2006 NFPA 1, excluding NFPA 5000
2006 NFPA 101 Life Safety Code
2005 National Electrical Code
2002 North Carolina Accessibility Code with 2004 Amendments
2010 Americans with Disabilities Act (ADA)
2010 AIA Guidelines for Design and Construction of Health Care Facilities
2007 ASHRAE Handbook of Fundamentals

If you need any additional information, please let me know.

Sincerely,

David E. Benham, AIA
Principal



December 9, 2013

Mr. Jim Shaheen
Strategic Behavioral Health
8295 Tournament Drive, Suite 201
Memphis, TN 38125

Re: Strategic Behavioral Health Facility – Kingsport, Tennessee

Dear Jim:

As your construction partner, Thomas Construction Group has extensive experience building your behavioral health centers over the past 5 years. We are currently constructing projects for SBH in Las Vegas, Nevada, and College Station, Texas.

We have reviewed the preliminary information prepared by LS3P for the proposed Kingsport, TN project, and the "Project Costs Chart" contained in the Certificate of Need application for the above referenced project, specifically Part A ("Construction and Equipment acquired by Purchase"). Based upon the information provided to us, the amounts set forth in Part A of the "Project Costs Chart" (attached) appear appropriate at today's costs.

Sincerely,

THOMAS CONSTRUCTION GROUP

A handwritten signature in dark ink, appearing to read 'Chris Reid', is written over the company name.

Christopher N. Reid
President

CNR/js

cc: Mike Garone, SBH

C. Economic Feasibility 2. - Finance Letter



STRATEGIC
BEHAVIORAL HEALTH, LLC

December 11, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, TN 37243

RE: SBH – Kingsport, LLC Psychiatric Hospital Project

Dear Ms Hill:

The Kingsport, LLC Hospital project will be funded by a combination of cash, accumulated earnings from operations and availability under our revolving line of credit. As of November 30, 2013 Strategic Behavioral Health, LLC (parent company of SBH – Kingsport, LLC) had \$4.1 million in cash balances and \$6.7 million available under its \$15.5 million revolving credit facility syndicated through Fifth Third Bank.

The current borrowing rate under this credit facility is LIBOR plus 3.50% and the facility matures on May 20, 2018.

The combination of cash, availability under the credit facility and net cash flows from existing operations are more than sufficient to provide the funding required for SBH – Kingsport, LLC Psychiatric Hospital Project.

Please feel free to call me if you have any questions regarding this letter or if you need any additional information.

Sincerely,

Michael A. Orians
Vice President, Treasurer
Strategic Behavioral Health, LLC



December 12, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, TN 37243

RE: SBH – Kingsport, LLC Psychiatric Hospital Project (the “Project”)

Dear Ms Hill:

Fifth Third Bank, as Agent for Strategic Behavioral Health, LLC (“SBH”), and its affiliates including SBH – Kingsport, LLC, recently expanded its credit facility and entered into an \$80 million dollar syndicated credit facility in May 2013. Under the new credit facility, SBH has a \$15.5 million revolving credit loan available to fund, among other things, future development projects such as this Project.

This letter is to provide assurance that Fifth Third Bank is familiar with the Project being proposed for CON approval to better serve Kingsport and the surrounding communities.

Fifth Third Bank has a high degree of interest in financing the proposed Project. The Bank anticipates providing both construction and permanent financing for the Project through its revolver. It is the understanding of the Bank that the overall Project and financing request will not exceed \$12,000,000.

The interest rate on the loan would be based on LIBOR plus an applicable spread. The current variable rate on the loan is approximately 3.75%.

Please feel free to call or email me directly if you have any questions regarding this letter or if you need any additional information. We very much look forward to working with you and SBH on the financing and completion of this Project.

Sincerely,

Stephen C. Taylor
Assistant Vice President
Fifth Third Bank – Healthcare Division
Phone: 615.687.3003
Email: stephen.taylorjr@53.com

**C. Economic Feasibility 10. - Balance Sheet and
Income Statement**

CONFIDENTIAL

STRATEGIC BEHAVIORAL HEALTH, LLC AND SUBSIDIARIES

Consolidated Statements of Assets, Liabilities and Members' Equity -

Modified Cash Basis

December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,820,508	\$ 4,103,586
Accounts receivable, net of allowance for doubtful accounts of \$915,540 at 2012 and \$264,197 at 2011	8,195,262	1,668,921
Inventories	67,931	26,138
Prepaid expenses	741,435	324,626
Total current assets	11,825,136	6,123,271
Property and equipment	48,843,897	31,722,773
Less accumulated depreciation	(2,181,981)	(985,673)
Property and equipment, net	46,661,916	30,737,100
Deposit on acquisition	-	32,063,791
Goodwill	28,616,112	-
Other assets, net	1,080,521	723,794
Total other assets	29,696,633	32,787,585
Total assets	\$ 88,183,685	\$ 69,647,956
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 1,703,039	\$ 1,334,616
Accounts payable	923,373	930,106
Accrued expenses	3,272,283	1,216,459
Accrued distributions to members	439,396	531,111
Total current liabilities	6,338,091	4,012,292
Long-term debt, less current maturities	40,739,559	34,481,765
Total liabilities	47,077,650	38,494,057
Members' equity		
Members' contributions	36,915,034	31,915,034
Note receivable for members' contributions	(71,616)	(76,616)
Accumulated earnings (deficit)	4,262,617	(684,519)
Total members' equity	41,106,035	31,153,899
Total liabilities and members' equity	\$ 88,183,685	\$ 69,647,956

See accompanying notes.

CONFIDENTIAL

STRATEGIC BEHAVIORAL HEALTH, LLC AND SUBSIDIARIES

Consolidated Statements of Revenues and Expenses -

Modified Cash Basis

Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Patient service revenue (net of contractual allowances and discounts)	\$ 50,630,683	\$ 19,290,243
Provision for bad debts	(748,305)	(404,798)
Net patient service revenue less provisions for bad debts	49,882,378	18,885,445
Expenses		
Salaries and benefits	28,084,047	9,835,300
Professional fees	3,204,772	1,154,667
Supplies	2,632,128	893,950
Management and incentive fees	1,030,560	532,895
Depreciation and amortization	1,211,918	345,972
Rent	880,575	294,540
Utilities	900,441	231,381
Insurance	409,614	138,293
Interest	1,604,292	410,697
Acquisition costs	51,263	610,448
Other expenses	2,640,170	749,981
Total expenses	42,649,780	15,198,124
Excess of revenues over expenses - modified cash basis	\$ 7,232,598	\$ 3,687,321

See accompanying notes.

**C. Contribution to the Orderly Development of Health
Care 3 - Current and/or Anticipated Staffing Patterns**

YEAR 2

Clinical			FTE's	Clinical			FTE's
	rate				rate		
day	\$10.00	Techs	1.4	day	\$10.00	Techs	1.4
even	\$11.00	Techs	1.4	even	\$11.00	Techs	1.4
night	\$12.00	Techs	1.4	night	\$12.00	Techs	1.4
day	\$10.00	Techs	1.4	day	\$10.00	Techs	1.4
even	\$11.00	Techs	1.4	even	\$11.00	Techs	1.4
night	\$12.00	Techs	1.4	night	\$12.00	Techs	1.4
day	\$10.00	Techs	0.0	day	\$10.00	Techs	1.4
even	\$11.00	Techs	0.0	even	\$11.00	Techs	1.4
night	\$12.00	Techs	0.0	night	\$12.00	Techs	1.4
addon	\$45.00	Clinical Dir	1.0	day	\$10.00	Techs	1.4
	\$35.00	Program Dir	1.0	even	\$11.00	Techs	1.4
day	\$25.00	R.N.'s/U.M.	1.4	night	\$12.00	Techs	1.4
even	\$27.00	R.N.'s/U.M.	1.4				
night	\$30.00	R.N.'s/U.M.	1.4	addon	\$45.00	Clinical Dir	1.0
day	\$18.00	L.V.N.	0.0		\$35.00	Program Dir	1.0
even	\$18.00	L.V.N.	0.0				
night	\$18.00	L.V.N.	0.0	day	\$25.00	R.N.'s/U.M.	1.4
day	\$25.00	Therapist	1.0	even	\$27.00	R.N.'s/U.M.	1.4
day	\$25.00	Therapist	0.0	night	\$30.00	R.N.'s/U.M.	1.4
day	\$25.00	Therapist	0.0				
day/even	\$25.00	Therapist	0.0	day	\$25.00	R.N.'s/U.M.	1.4
day/even	\$25.00	Therapist	0.0	even	\$27.00	R.N.'s/U.M.	1.4
day	\$18.00	RT	1.0	night	\$30.00	R.N.'s/U.M.	1.4
day	\$18.00		0.0				
day	\$0.00	Teachers	0.0	day	\$25.00	R.N.'s/U.M.	1.4
				even	\$27.00	R.N.'s/U.M.	1.4

day	\$0.00	Teachers	0.0
day	\$0.00	Teachers	0.0
		Totals	<u>16.6</u>

Non-Clinical

	rate		FTE's
day	\$72.12	Admin	1.0
day	\$20.00	Admin Sec	1.0
day	\$30.00	BOM	1.0
day	\$17.50	BO Clerks	1.0
day	\$25.00	med rec supr	1.0
day	\$24.00	Marketing	2.0
day	\$10.00	Recept	2.8
day	\$40.00	Nurse Admin	1.0
day	\$12.00	Dietary	4.0
day	\$30.00	Utilization Rev	1.0
day	\$24.00	Admissions	3.0
	\$0.00		
day	\$20.00	HR	1.0
day	\$30.00	QA/infctr	1.0
day	\$15.00	Maint	1.0
			<u>21.8</u>

night	\$30.00	R.N.'s/U.M.	1.4
day	\$18.00	L.V.N.	1.4
even	\$18.00	L.V.N.	1.4
night	\$18.00	L.V.N.	1.4
day	\$18.00	L.V.N.	1.4
even	\$18.00	L.V.N.	1.4
night	\$18.00	L.V.N.	1.4
			2.0
day	\$18.00	L.V.N.	1.4
even	\$18.00	L.V.N.	1.4
night	\$18.00	L.V.N.	1.4
day	\$25.00	Therapist	1.0
day	\$25.00	Therapist	1.0
day	\$25.00	Therapist	1.0
day/even	\$25.00	Therapist	1.0
day/even	\$25.00	Therapist	0.0
day	\$18.00	RT	1.0
day	\$18.00	RT	1.0
day	\$15.00	Teachers	0.0
day	\$15.00	Teachers	0.0
day	\$0.00	Teachers	0.0
		Totals	<u>52.0</u>

Non-Clinical

	rate		FTE's
day	\$72.12	Admin	1.0

2013.12.13 PM 1:32

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Shelby

Michael Garone being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

M. G. [Signature] / DIRECTOR OF
SIGNATURE/TITLE DEVELOPMENT

Sworn to and subscribed before me this 12 day of December 2013 a Notary
(Month) (Year)

Public in and for the County/State of Shelby

Renée E. Klein
NOTARY PUBLIC

My commission expires Oct. 9 2016
(Month/Day) (Year)



MY COMMISSION EXPIRES:
October 9, 2016



DEC 10 '13 PM3:11

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Kingsport Times News which is a newspaper
(Name of Newspaper)
of general circulation in Sullivan County, Tennessee, on or before December 10, 2013, for one day.
(County) (Month / day) (Year)

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

SBH-Kingsport, LLC
(Name of Applicant)

N/A
(Facility Type-Existing)

owned by: SBH-Kingsport, LLC with an ownership type of limited liability company
and to be managed by: itself intends to file an application for a Certificate of Need for:

establishment of a new inpatient psychiatric hospital in Kingsport, Sullivan County, Tennessee 37660. This project will be located on unaddressed property at the end of Executive Park Boulevard in Kingsport, Tennessee. This property extends south and west of Executive Park Boulevard, and is south of the intersection of Executive Park Boulevard and East Stone Drive in Kingsport, Tennessee. This project will involve the initiation of inpatient psychiatric hospital services. This new psychiatric hospital will have 18 adult beds, 16 geropsychiatric beds, 28 child and adolescent beds, and 10 chemical dependency beds. These 72 beds will all be new beds licensed as psychiatric hospital beds. The estimated project costs for this project are projected to be approximately \$12,000,000.00.

The anticipated date of filing the application is December 13, 2013.

The contact person for this project is Mike Garone Director of Development
(Contact Name) (Title)

who may be reached at: Strategic Behavioral Health, LLC 8295 Tournament Drive, Suite 201
(Company Name) (Address)

Memphis
(City)

Tennessee
(State)

38125
(Zip Code)

901 / 969-3100
(Area Code / Phone Number)

Mike Garone
(Signature)

12/10/13
(Date)

mgarone@strategicbh.com
(E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY- SUPPLEMENTAL-1

SBH-Kingsport, LLC

CN1312-050

January 29, 2014
3:10pm

January 28, 2014

Mr. Phillip M. Earhart
Health Planner III
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Via Hand Delivery

Re: Certificate of Need Application CN1312-050
SBH-Kingsport, LLC

Dear Mr. Earhart:

Set forth below are the responses of SBH-Kingsport, LLC, the applicant in Certificate of Need Application CN1312-050 to the request for information dated December 20, 2013. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Applicant Profile, Item 6

The Purchase and Sale Agreement is noted. Please provide a clearer and legible copy of Exhibit A of the document.

RESPONSE: The requested documentation is attached hereto.

2. Section A, Applicant Profile, Item 13

Please identify all TennCare MCOs in the applicant's service area and the TennCare MCOs with which the applicant intends to contract.

RESPONSE: The applicant expects to contract with BlueCare, TennCare Select and United Healthcare Community Plan.

3. Section B, Project Description, Item 1

Your response is noted. Please provide an executive summary not to exceed two (2) pages. Please list the following areas as headers and address each area under the header: proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE:

Mr. Phillip M. Earhart
January 28, 2014

SUPPLEMENTAL- # 1

January 29, 2014
3:10pm

Proposed Services and Equipment:

SBH-Kingsport, LLC ("SBH") proposes to establish a 72-bed, free-standing psychiatric hospital located in Kingsport, Sullivan County, Tennessee. It is requesting CON permission to construct 18 adult psychiatric beds, 16 geropsychiatric beds, 28 child and adolescent psychiatric beds, and 10 chemical dependency beds for a total of 72 beds.

Ownership Structure:

SBH will be owned and operated by a limited liability company, SBH-Kingsport, LLC. This limited liability company is a wholly-owned subsidiary of Strategic Behavioral Health, LLC, which is an inpatient psychiatric hospital company based in Memphis, Tennessee. It currently operates seven psychiatric hospitals through subsidiaries in the states of Colorado, Nevada, New Mexico and North Carolina. It has another facility under development in College Station, Texas. SBH will be its first hospital based in its home state of Tennessee.

Service Area:

The service area for SBH is projected to be the counties of Sullivan and Hawkins in Tennessee, and the counties of Wise, Scott and Lee in southwestern Virginia.

Need:

Currently, in this service area there are only twelve inpatient psychiatric beds, located at Bristol Regional Medical Center in Bristol, Tennessee, at the eastern end of the service area. Thus, as far as the applicant is able to ascertain, in its proposed service area, which has a population of more than 300,000 people, there are only 12 inpatient psychiatric beds (located in Bristol). Thus, there is a significant need for additional inpatient psychiatric bed resources in this service area, particularly as it pertains to children and adolescents. Sullivan County is the most populous county in upper East Tennessee, and Kingsport is the biggest municipality in the service area.

Existing Resources:

There are no other free-standing inpatient psychiatric hospitals within the service area. There are only twelve inpatient psychiatric beds in this service area, located at Bristol Regional Medical Center in Bristol, Tennessee.

Project Cost:

The projected project costs for this hospital development are approximately \$12,000,000.

Funding:

The funding for this project will be developed with the assistance of Dobbs Management Services, LLC, the owners of which represent the majority ownership of Strategic Behavioral

Mr. Phillip M. Earhart
January 28, 2014

January 29, 2014
3:10pm

Health, LLC. The proposed project will be funded through cash, a credit line with Fifth Third Bank and net cash flows from existing operations.

Financial Feasibility:

As of December 31, 2012, SBH itself had consolidated annual net revenue of approximately \$50.7 million and employed approximately 745 employees. Thus, Strategic Behavioral Health, LLC, the parent company of SBH-Kingsport, LLC, is a well-capitalized, financially successful psychiatric hospital development and management company.

Staffing:

Strategic Behavioral Health expects no difficulty in attracting staff to the proposed new hospital. There are several teaching institutions within Strategic Behavioral Health's service area. These colleges and universities offer programs in nursing, counseling & human services, psychology, psychiatry and many offer programs in medical practice management, medical billing, and other healthcare service related fields. Graduates of these colleges and universities will have an opportunity to work at Strategic Behavioral Health's Kingsport facility.

Strategic Behavioral Health also has prior experience building and staffing new hospitals across the United States. The company uses an employee search service should it become necessary to look outside the service area for employees, and Strategic Behavioral Health has found no difficulty staffing its hospitals in smaller markets like Wilmington, North Carolina and College Station, Texas. Strategic Behavioral Health will be able to attract qualified, well-trained professionals who will live and work in the service area.

Please describe the classes and curriculum that is part of the proposed project.

RESPONSE:

Clinical Program Description

The Strategic Behavioral Health (SBH) philosophy of care is based upon a therapeutic model. All clinical disciplines work together to produce positive outcomes. Using the CORE (Clinical Outcomes in Routine Evaluation) we consistently reevaluate our acute care outcomes and strive to improve our programming through research.

Fundamentals of treatment include being good community partners where comprehensive care starts with the first referral call to follow-up care post discharge. Clinical services begin with an initial no cost assessment. Upon admission, a psychiatrist conducts an initial psychiatric assessment within 24 hours along with a therapist treatment plan meeting. A family therapy session is required within 72 hours. Throughout treatment, safety is paramount and supported by around the clock 15 minute safety checks by direct care staff. Discharge planning includes a safety plan with follow-up appointments or step-down level of care assignment.

Mr. Phillip M. Earhart
January 28, 2014

We offer several specialty programs for all ages. Each program is individualized to meet the cultural and strength based needs taking into special consideration multiple factors such as acuity, age, gender, development, and family support. We believe that family involvement, when possible, is the foundation for care. All programming includes individual, process and psychoeducation groups, and family therapy. Below is a summary of our programs.

Child & Adolescent:

- *Character Counts:* Psychoeducation program developed by the Josephson Institute Center for Youth Ethics incorporated into the daily routine to emphasize elements of good character.
- *Trauma-Focused Cognitive-Behavioral Therapy:* TF-CBT is the most well-supported and effective treatment for children who have been abused and traumatized. Multiple clinical research studies consistently have found it to help children with PTSD and other trauma-related problems.
- *Level System:* Reward based system to promote positive development based on General Behaviors (GB) and Target Goals (TG). General behavior is defined as following the rules of the facility and staying focused on the posted values and demonstrating appropriate behaviors. Target goal points are earned when the patient is working toward the goal he or she chose from his or her individual treatment plan that morning.
- *The Seven Challenges Program:* Designed specifically for adolescents with drug problems, to motivate a decision and commitment to change - and to support success in implementing the desired changes. The Program simultaneously helps young people address their drug problems as well as their co-occurring life skill deficits, situational problems, and psychological problems.
- *Clear Path:* Specialized treatment for sexual offenders in a residential setting.

Adult & Geriatric:

- *Illness Management & Recovery Model:* Illness management is an evidence based treatment from SAMHSA with a broad set of strategies designed to help individuals with serious mental illness collaborate with professionals, reduce their susceptibility to the illness, and cope effectively with their symptoms. Research on illness management for persons with severe mental illness, including 40 randomized controlled studies, indicates that psychoeducation improves people's knowledge of mental illness; that behavioral tailoring helps people take medication as prescribed; that relapse prevention programs reduce symptom relapses and re-hospitalizations; and that coping skills training using cognitive-behavioral techniques reduces the severity and distress of persistent symptoms.
- *Chemical Dependency Treatment:* Accompanied with IMR model, we offer medical detoxification and additional support groups utilizing the AA recovery model. Partnerships with local agencies provide a transition upon discharge for support groups.
- *Trauma Therapy:*
 - *EMDR* (Eye Movement Desensitization and Reprocessing) has been shown to be effective in reducing the intensity of subjective distress related to traumatic memories. We offer 3 day intensive trauma focused programming led by EMDR certified therapists.

Mr. Phillip M. Earhart
January 28, 2014

January 29, 2014
3:10pm

- *Cognitive Processing Therapy (CPT)* is a 12-session therapy that has been found effective for both PTSD and other corollary symptoms following traumatic events supported by the Veterans Administration.
- *Geriatric Programs:*
 - Illness Management & Recovery Model continues to be the foundation for treatment for our senior population. Special consideration is given to address any additional medical concerns and physical mobility demands. Psychoeducation is also geared toward grief and loss, life transitions, and overall wellness. This includes medical health and physical evaluations with medical consults, special dietary concerns, and trained nursing aides. The program is geared to be sensitive to transitions in residence upon discharge with community partnerships.

What type of outpatient programs are a part of this proposed project.

RESPONSE: SBH – Kingsport, LLC intends to offer Partial Hospitalization and Intensive Outpatient for adults, children and adolescents. This level of programing will allow for direct admissions as well as being available as a step down level of care.

Please clarify if the proposed seventy (72) bed inpatient psychiatric hospital will be classified as an Institution for Mental Disease (IMD).

RESPONSE: SBH – Kingsport, LLC intends for this seventy two (72) bed inpatient psychiatric hospital to be classified as an Institution for Mental Disease (IMD).

Please describe the applicant's experience in operating the following:

- An Adult Inpatient Chemical Dependency Unit
- An Adult Psychiatric Unit
- An Child and Adolescent Inpatient Psychiatric Unit
- A Gero-Inpatient Psychiatric Unit

RESPONSE: Strategic Behavioral Health, parent company of SBH – Kingsport, LLC operates seven psychiatric and chemical dependency hospitals across the United States, providing quality behavioral healthcare for children, adolescents, adults, and seniors. The company has either built or acquired a variety of programs, including acute, residential, and outpatient services, with a focus on compassion, empathy, and perseverance for patients and their families. All of Strategic Behavioral Health's facilities are accredited by either the Joint Commission or The Commission on Accreditation of Rehabilitation Facilities (CARF), and are in good standing with the department of licensure within their respective state. SBH – Kingsport, LLC has the advantage of utilizing the expertise of its sister facilities in the areas of clinical program development and operations.

An Adult Inpatient Chemical Dependency Unit

Mr. Phillip M. Earhart
January 28, 2014

January 29, 2014
3:10pm

Strategic Behavioral Health operates an Adult Inpatient Chemical Dependency Unit at the following facilities:

- Montevista Hospital in Las Vegas, NV – 20 beds
- Peak View Behavioral Health Hospital in Colorado Springs treats Chemical Dependency and mental health disorders in a combined 40 beds

An Adult Psychiatric Unit

Strategic Behavioral Health operates an Adult Psychiatric Unit at the following facilities:

- Montevista Hospital in Las Vegas, NV – 40 beds
- Peak View Behavioral Health Hospital in Colorado Springs, CO - 40 Beds
- The Peak Hospital in Santa Teresa, NM - 44 Beds

A Child and Adolescent Inpatient Psychiatric Unit

Strategic Behavioral Health operates a Child and Adolescent Inpatient Psychiatric Unit at the following facilities:

- Montevista Hospital in Las Vegas, NV – 38 beds
- Peak View Behavioral Health Hospital in Colorado Springs, CO - 20Beds
- The Peak Hospital in Santa Teresa, NM – 12 Beds
- Strategic Behavioral Center – Wilmington in Leland, NC – 20 Beds
- Strategic Behavioral Center – Raleigh in Garner, NC – 20 Beds

A Gero-Inpatient Psychiatric Unit

Strategic Behavioral Health operates a Gero-Inpatient Psychiatric Unit at the following facilities:

- Red Rock Hospital in Las Vegas, NV – 21 beds
- Peak View Behavioral Health Hospital in Colorado Springs, CO – 32 Beds

4. Section B, Project Description, Item II.A

Please clarify which two (2) units will share a nurse's station and med room, seclusion room and dedicated toilet.

RESPONSE: The facility has been specifically designed to accommodate various patient populations and census levels. Each unit is securely locked and has window access to the nurse's station. In additions, each unit has its own medication window for easy and secure med distribution. The units that will share a nurse's station are the adult unit with the adolescent unit and the child unit with the chemical dependency unit. The seclusion room and

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bathroom area is a securely locked area, but is a shared area between units. Use of the seclusion room and bathroom are coordinated based on need.

Please clarify if the twenty-eight (28) adolescent and child unit will be coed. If so, how and when will females and males be segregated?

RESPONSE: The twenty-eight (28) bed adolescent and child units will be coed. All males and females patients will be placed in rooms with same gender. Based on acuity, and clinical appropriateness there will be coed programming in an attempt to replicate real life environments, assisting in generalizing skills. All units are supervised to clinical need, including q15 minute checks.

Please describe the outpatient suites.

RESPONSE: SBH – Kingsport, LLC has designed a state of the art 72 bed free standing psychiatric hospital with much attention to both patient care areas as well as administrative space. Our outpatient programming will be held in our outpatient suite which is located within the facility but completely separated from our inpatient patient care areas, including a separate entrance so that our inpatient and outpatient populations never mix.

Please clarify if all the proposed psychiatric units will be locked.

RESPONSE: All psychiatric units will be locked.

What are the proposed ages ranges for each of the four (4) proposed psychiatric units?

RESPONSE: The ages for the four (4) proposed psychiatric units are as follows:

- Child – ages 5 – 11
- Adolescent – ages 12 – 17
- Adult – ages 18 – 54
- Gero – ages 55 and up

Please provide a clearer and legible copy of the square footage and cost per square footage chart.

RESPONSE: The requested copy is attached hereto.

5. Section B, Project Description, Item II.B

The applicant states there are no existing services in the service area. Please clarify if the following providers have declared Hawkins or Sullivan counties in Tennessee, or Wise, Scott, and Lee counties in Virginia as part of three service area:

Magnolia Ridge (Washington County)-Alcohol and Drug,
Wellmont Bristol Regional Medical Center (Sullivan County)
Woodridge Psychiatric Facility (Washington County)
Wellmont Pavilion (Bristol, Virginia)

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RESPONSE: The applicant has no information as to whether Magnolia Ridge or Wellmont Pavilion have claimed any of the listed counties as being in their service area. Neither is covered by Tennessee CON law. Woodridge has claimed Sullivan and Hawkins Counties to be in its primary service area, and has claimed Scott and Wise Counties in Virginia to be in its secondary service area in CON filings. BRMC is in Sullivan County and claims Hawkins County in its service area. The applicant assumes that it also claims Wise and Scott Counties in Virginia as being in its service area; the applicant does not so assume as to Lee County, Virginia.

If the above providers are part of the proposed service area of the applicant, please provide a summary of services provided, number of licensed beds and age range for each inpatient service.

RESPONSE: With the exception of Wellmont Bristol Regional Medical Center, none of these providers are located in the proposed service area of the applicant.

6. Section B, Project Description, Item II.C

Please indicate if the applicant has discussed the need for this proposed 72 bed facility with the Tennessee Department of Mental Health and Substance and Abuse Services. If so, please summarize including the date and person contacted.

RESPONSE: Prior to the submitting of our CON Application, a discussion with the Tennessee Department of Mental Health and Substance Abuse Services had not yet taken place. On January, 2 2013 a representative from Strategic Behavioral Health contacted Mr. John Arredondo, Assistant Commissioner of Hospital Services Division, to fulfill the requirement of discussing the proposed 72 bed facility. During the conversation, Mr. Arredondo said that the HSDA will get a copy of the application over to his office and that they would provide their analysis and response directly to the HSDA.

Please clarify if the applicant has contacted the Bureau of TennCare, or the contracted TennCare managed care organizations in the proposed service area regarding the need for additional inpatient psychiatric and chemical dependency units. If so, please provide a summary of the contact including the date and person contacted. If not, please contact the Bureau of TennCare and the contracted Managed Care Organizations to determine if there is a need for additional inpatient and chemical dependency services. Please provide a summary of the contact including the date and person contacted.

RESPONSE: Prior to the submitting of our CON Application, a discussion with the Bureau of TennCare and the contracted TennCare managed care organizations had not yet taken place.

TennCare

On January, 9 2013 a representative from Strategic Behavioral Health contacted Mrs. Mary Shelton, Director of Behavioral Health Operations and Mr. William Aaron, Deputy CFO, to

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fulfill the requirement of discussing the proposed 72 bed facility with the Bureau of TennCare. During the conversation, it was stated that the applicant should seek a contract with the MCO's to become a contracted TennCare provider. As a contracted provider the applicant would be able to treat TennCare members of all ages, including the adult (ages 18 – 64) population. At the time of the call, Mrs. Shelton was unable to go on record confirming a need for additional inpatient psychiatric beds in Eastern Tennessee.

BlueCare

On December 27, 2013 a representative from Strategic Behavioral Health was told that behavioral health contracting is managed through Value Options. The SBH representative attempted to contact Mrs. Rhonda Roper (UM Clinical Care Manager Supervisor) and Brooke McCully (Care Manager). A message was left for both individuals however Strategic Behavioral Health is still waiting on a response.

United Healthcare Community Plan

On December 27, 2013 a representative from Strategic Behavioral Health attempted to contact United Healthcare to inquire about the need for additional inpatient and chemical dependency services. A message was left with the credentialing department. On January 13, 2014 a follow up call was made and an SBH representative was able to discuss the inpatient psychiatric project with Mrs. Kimberly Averitt, Contract Manager. Mrs. Averitt requested that an email be sent with the project overview and scope of services in order to do an internal evaluation. The email fulfilling Mrs. Averitt's request was sent and Strategic Behavioral Health is waiting on a response.

TennCare Select

On December 27, 2013 a representative from Strategic Behavioral Health unsuccessfully attempted to contact TennCare Select to inquire about the need for additional inpatient and chemical dependency services. Strategic Behavioral Health is still waiting on a response.

Please contact the mobile crisis team serving the proposed service area. Please indicate if the mobile crisis teams are experiencing difficulty in referring patients and placing patients into inpatient psychiatric facilities. Please provide the date of the contact, person contacted and summary of the contact.

RESPONSE: Strategic Behavioral Health has a vast experience in the area of mobile crisis evaluation in its other markets and would be open to helping to facilitate the coordination of care throughout the service area. Frontier Health was identified as the mobile crisis team providing level of care assessments within our service area. A representative from Strategic Behavioral Health initially called and spoke with a member of the Frontier Health Crisis Response Team, who indicated that the only resource they really have is Woodridge Hospital and they sometimes have to send patients as far as Chattanooga for inpatient hospitalization. As a follow up to that conversation a meeting was set with Teresa Kidd (Senior VP of Operations) and Randall Jessee (Senior VP of Specialty Services) on Thursday, October 10, 2013. During the meeting it was noted that Frontier does not believe that there is a problem

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getting patients placed; however at the time of the meeting Strategic Behavioral Health had not excluded Washington County from its service area as we were still very early in the planning process. It should also be noted that Frontier did say that if we were able to complete our project and provide quality clinical programming that they would work with us.

7. Section B, Project Description Item III.A.(Plot Plan)

Please provide a legible plot plan.

RESPONSE: The requested plot plan is attached.

8. Section B, Project Description, Item B.IV

The floor plans submitted are noted. Please a clearer and legible copy that includes labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc.

RESPONSE: The requested floor plan is attached.

9. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 1)

Please reference the year of the recent Census Bureau and Tennessee Department of Health population data the applicant used to determine the bed need in the proposed five (5) county service areas.

RESPONSE: The applicant employed the July 1, 2012 Census Bureau population data for the population projection for the Virginia counties. It utilized the Tennessee Department of Health 2010-2020 population projections as published by the TDOH in 2010.

Please clarify which Virginia inpatient psychiatric facilities claim Wise, Lee and Scott counties in there proposed service area.

RESPONSE: Representatives of the applicant have not been able to determine this information. To the best of the applicant's knowledge, there are no inpatient psychiatric providers located in those three counties.

10. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services

The applicant has provided responses to the Project Specific Criteria for Psychiatric Inpatient Services with the assumption Bristol Regional Medical Center is the only inpatient provider covering Hawkins and Sullivan County. It appears Woodridge Psychiatric Hospital located in adjoining Washington County includes Hawkins and Sullivan counties in their service area. Please revise all responses to the Project Specific Criteria for Psychiatric Inpatient Services that includes inpatient facilities that has Hawkins and Sullivan counties in their designated service area as reflected in the Joint Annual reports. This will impact the bed need for the proposed service area.

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RESPONSE: The request incorrectly states the applicant's position in its CON application. The *Guidelines for Growth* do not require the applicant to analyze data of providers not located in its proposed service area. The Joint Annual Reports also do not specify a service area for any reporting hospital.

11. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 2)

The applicant states there is a need for 16.8 gero-psychiatric beds in the proposed service area according to the bed need formula. Please clarify how that was determined if the bed need formula does not break out gero-psychiatric bed need.

RESPONSE: As directed by the *Guidelines for Growth*, the applicant applied the 30 beds per 100,000 population standard to the portion of the service area population aged 65 and over.

12. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 4)

Please indicate if the applicant will have a psychiatric unit for age 5-14 and a unit for ages 15-19.

RESPONSE: We intend to have a child psychiatric unit for patient's ages 5 – 11 and have an adolescent psychiatric unit for patients ages 12 – 17.

13. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services B.1. (Service Area))

Please complete the following chart. The chart will determine where patients of the proposed service area migrate to for psychiatric services. Please contact Mr. George Wade at the Tennessee Department of Health, Division of Health Statistics (615-741-1954) and request patient discharge utilization data (inpatient day or discharge patient days) from January 1, 2012 to December 31, 2012 by MCD19 (Mental Diseases and Disorders) and MCD 20 (Alcohol/Drug Abuse & Alcohol/Drug-Induced Organic Mental Disorders).

**Patient Origin by County
Number of Inpatient Days or Discharge Patient Days**

Facility	Hawkins	Sullivan	Lee	Scott	Wise
Magnolia Ridge (Alcohol and Drug)					
Wellmont Bristol Regional Hospital					

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Wellmont Pavilion (Va.)					
Woodridge Psychiatric Hospital					
Moccasin Bend					
Ridgeview Psychiatric Hospital and Center in Oak Ridge					
Peninsula Hospital in Louisville (Blount County)					
Total					

RESPONSE: A representative of the applicant conferred with Mr. Wade on December 26, 2013, and emailed him the table below with a request for assistance from his office. He replied via email on that date stating that he had forwarded applicant's email request on to his office's director. Since that time, the applicant has not received any response from Mr. Wade's office, or from his director.

Facility	Hawkins	Sullivan	Lee	Scott	Wise
Magnolia Ridge (Alcohol and Drug)	not available	not available	not available	not available	not available
Wellmont Bristol Regional Hospital	not broken out**	not broken out**	not listed	not listed	not listed
Wellmont Pavilion (Va.)	not available	not available	not available	not available	not available
Woodridge Psychiatric Hospital	1,520	5,886	not listed	443	not listed
Moccasin Bend	172	14	0	0	0
Ridgeview Psychiatric Hospital and Center in Oak Ridge	5	5	0	0	0
Peninsula Hospital in Louisville (Blount County)	494	967	not listed	not listed	not listed
Total***	2,191	6,872	0	443	0

*Source - 2012 JARs

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****Not broken out in JAR by location and mental disease/A&D diagnoses**
*****Totals of available data**

14. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services B. 1. Service Area and Section C. Need. Item 3 Service Area

Your response is noted. Please complete the following table indicating the travel times and distances to existing facilities, and the proposed SBH-Kingsport, LLC.

Facility		Hawkins Co. (Rogersville, TN)	(Sullivan Co. Kingsport, TN)	Wise County (Wise, VA)	Lee County (Jonesville, VA)	Scott County (Gate City, VA)
Magnolia Ridge (Washington County)	Time					
	Distance					
Wellmont Regional Medical Center (Sullivan Co.)	Time					
	Distance					
Woodridge Psych Hospital (Washington Co.)	Time					
	Distance					
Wellmont Pavilion (Bristol, VA)	Time					
	Distance					
Ridgeview Psychiatric Hospital and Center in Oak Ridge (Anderson County)	Time					
	Distance					

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Peninsula Hospital in Louisville (Blount County)	Time					
	Distance					
Moccasin Bend Mental Health Institute (Hamilton County)	Time					
	Distance					
Proposed SBH-Kingsport, LLC	Time					
	Distance					

RESPONSE: The requested chart is set forth below. Driving times and distances given by MapQuest.

Facility		Hawkins Co. ** (Rogersville, TN)	(Sullivan Co. *** Kingsport, TN)	Wise County (Wise, VA)**	Lee County** (Jonesville, VA)	Scott County** (Gate City, VA)
Magnolia Ridge (Washington County)	Time	1 hr	30 min	1 hr 29 min	1 hr 25 min	39 min
	Distance	50.8 mi	25.2 mi	73.7 mi	68.4 mi	31.5 mi
Wellmont Regional Medical Center (Sullivan Co.)*	Time	1 hr	19 min	1 hr 23 min	1 hr 16 min	31 min
	Distance	46.8 mi	15.6 mi	64.1 mi	59.6 mi	22.7 mi
Woodridge Psych Hospital (Washington Co.)	Time	1 hr	30 min	1 hr 29 min	1 hr 25 min	28 min
	Distance	49.8 mi	24.1 mi	72.7 mi	67.3 mi	31.5 mi
Wellmont Pavilion (Bristol, VA)	Time	1 hr	22 min	1 hr 27 min	1 hr 20 min	35 min

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	Distance	49.3 mi	18 mi	69.3 mi	62 mi	25.2 mi
Ridgeview Psychiatric Hospital and Center in Oak Ridge (Anderson County)	Time	1 hr 55 min	2 hr 9 min	3 hr 8 min	2 hr 9 min	2 hr 19 min
	Distance	95.7 mi	123.1 mi	173.3 mi	99.8 mi	130.9 mi
Peninsula Hospital in Louisville (Blount County)	Time	1 hr 47 min	2 hr 1 min	3 hr 1 min	2 hr 21 min	2 hr 11 min
	Distance	87.1 mi	112.6 mi	162.4 mi	97.9 mi	120.4 mi
Moccasin Bend Mental Health Institute (Hamilton County)	Time	1 hr 47 min	3 hr 35 min	4 hr 34 min	3 hr 52 min	3 hr 45 min
	Distance	188.4 mi	244.4 mi	264.6 mi	197.8 mi	222.1 mi
Proposed SBH-Kingsport, LLC	Time	40 min		1 hr 6 min	1 hr 1 min	15 min
	Distance	31.2 mi		52 mi	46.4 mi	9.6 mi

* Assumes Wellmont Bristol Regional Medical Center

** Drive times and distances given from local county courthouses, respectively

***Drive time and distance given from SBH-Kingsport site.

15. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services) B. 2. Service Area Demographics and Section C. Need. Item 4.A Service Area Demographics

Please complete the following chart.

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2013 Population				
Total Population-				
Total 2017 Population % Change				
65+ Pop. - 2013				
65+ Pop. - 2017				
65+ Population % Change				
65+ Population % of Total Population				
Median Age				
Median Household Income				
TennCare Enrollees				

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TennCare Enrollees as % of Total Population				
Persons Below Poverty Level				
% of Total Population below Poverty Level				

RESPONSE: The requested chart is set forth below:

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2013* Population	60,131	154,387	214,518	6,414,297
Total Population- 2017	61,865	154,946	216,811	6,623,114
Total 2017 Population % Change	2.9%	.4%	1.1%	3.3%
65+ Pop. - 2013	10,211	29,471	39,682	904,587
65+ Pop. - 2017	11,333	31,683	43,016	1,014,889
65+ Population % Change	11%	7.5%	8.4%	12.2%
65+ Population % of Total Population	18%	19.5%	19.1%	14.2%
Median Age**	42.3 yrs	43.5 yrs	43.2 (est.)	38 yrs
Median Household Income	\$36,419	\$40,025	\$39,124 (est.)	\$44,140
TennCare Enrollees***	11,668	27,446	39,114	1,198,663
TennCare Enrollees as % of Total Population	19.4%	17.8%	18.2%	18.7%
Persons Below Poverty Level**	9,861	26,091	35,952	1,109,673
% of Total Population below Poverty Level	16.4%	16.9%		17.3%

* Source: Tenn. Dept. of Health

** Source: U.S. Census Bureau

*** Source: Bureau of TennCare, September 2013 enrollment data

****Sullivan and Hawkins Counties only

Please clarify the reason the applicant did not include Washington County in its service area since it appears Sullivan and Washington counties share economic links and are closely in proximity.

RESPONSE: The applicant seeks to serve the area with the most need since Mountain States Health Alliance, owner of Indian Path Pavilion, closed that inpatient psychiatric hospital several years ago, and the state psychiatric hospital facility in Knoxville recently closed also. The need for the applicant's project is greatest where there are no other facilities. Washington County has Woodridge Hospital in Johnson City to serve its needs.

Please indicate the counties included in the service area of Woodridge Hospital in Johnson City, Ridgeview Psychiatric Hospital and Center in Oak Ridge, and Peninsula Hospital in Louisville (Blount County)?

RESPONSE: Woodridge Hospital has claimed these counties as its primary service area: Washington, Carter, Sullivan, Hawkins and Greene. Peninsula Hospital has outpatient centers in Blount, Knox, Loudon and Sevier Counties; thus, the applicant assumes that those

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comprise its service area. According to p. 22 of its 2009 JAR, on 11/2/09 it surrendered 145 inpatient psychiatric hospital beds.

According to its 2012 JAR, Ridgeview Psychiatric Hospital in Anderson County has 16 beds and draws the greatest majority of its patients from Anderson County and the counties contiguous to it: Campbell, Knox, Roane, Scott and Morgan (91% of its admissions or discharges in 2012).

Please review and provide a copy of the letter from the Tennessee Department of Mental Health dated May 17, 2012 regarding Lakeshore Mental Health Institute (LMHI) from the following web address: <http://tn.gov/mental/mhs/Catchment%20Area%20Letter-DV.pdf>
Please respond to the following question:

- Has the applicant discussed with the Tennessee Department of Mental Health the possibility of providing services for uninsured persons? If so, please discuss.

RESPONSE: Prior to the submitting of our CON Application, a discussion with the Tennessee Department of Mental Health and Substance Abuse Services had not yet taken place. On January 2, 2013, a representative from Strategic Behavioral Health contacted Mr. John Arredondo, Assistant Commissioner of Hospital Services Division. During the conversation, Mr. Arredondo stated that he did not wish to comment on the project, and said that the HSDA will get a copy of the application over to his office and that they would provide their analysis and response directly to the HSDA. Strategic Behavioral Health would be open to exploring the possibility of providing services for uninsured persons with the Tennessee Department of Mental Health.

- How will the expansion of existing contracts with the three mentioned private inpatient psychiatric hospitals impact utilization at the applicant's proposed inpatient facility?

RESPONSE: The expansion of the state's contracts with the listed providers should not impact the applicant's utilization. Many of the patients subject to those contracts will be adult Medicaid, for which, as shown below, the applicant will have to deal with the IMD issue prior to serving.

16. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services C. 1. Relationship to existing applicable plans (State, City, County, Regional Plans))

The applicant states Strategic Behavioral Health, LLC does not have any inpatient psychiatric facilities in Tennessee. Please indicate if the applicant has reviewed Tennessee Title 33 Laws specific to inpatient psychiatric facilities.

RESPONSE: The applicant has reviewed Title 33 of the Tennessee Code Annotated.

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17. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services C. 3. Relationship to existing applicable plans State appropriations).

The applicant states the proposed inpatient facility will not be able to accept adult TennCare admissions. Please clarify why this is so and reference any rules and regulations.

RESPONSE: Institutions for Mental Disease (IMDs) are inpatient facilities of more than 16 beds whose patient roster is more than 51% people with severe mental illness. Federal Medicaid matching payments are prohibited for free standing IMDs with a population between the ages of 22 and 64. IMDs for persons under age 22 or over age 64 are permitted, at state option, to draw federal Medicaid matching funds. See 42 CFR §435.100a as attached hereto. Initially the applicant was under the impression that the proposed inpatient facility would not be able to accept adult TennCare admissions based on the aforementioned. Upon further investigation, the applicant was able to confirm with representatives from TennCare that, if SBH – Kingsport, LLC is successful in becoming a contracted TennCare provider, it will be able to accept adult TennCare admissions. SBH – Kingsport, LLC has every intention to becoming a contracted TennCare provider and would be more than happy to treat this population within its facility.

18. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services C. 4. Relationship to existing applicable plans (Involuntary Admissions))

Does the applicant expect to accept all involuntary admissions (all ages)? Will the applicant have the expertise and staff to monitor patients who may require one to one observation or may require special treatment?

RESPONSE: SBH – Kingsport, LLC will accept involuntary admissions starting at 5 years of age. The applicant will have the expertise and staff to monitor patients who may require one to one observation or may require special treatment. All staff will be thoroughly trained in proper observation monitoring and special treatment procedures to include Restraint and Seclusion techniques. In addition, the applicant will have access to additional staff through a PRN pool of Mental Health Technicians as staffing demands change due to one to one observation.

Please discuss if involuntary admissions and the uninsured would be transferred to private psychiatric hospitals that have expanded contracts with the Tennessee Department of Mental Health.

RESPONSE: SBH – Kingsport, LLC would be open to contracting directly with the Tennessee Department of Mental Health to accommodate this patient population. The applicant does plan to accept involuntary admissions and the uninsured.

The applicant states SBH-Kingsport, LLC will accept involuntary and voluntary admissions. Since Lakeshore Mental Health Institute closed on June 30, 2012, does the applicant plan to accept uninsured persons that would have been served by LMHI?

[illegible]

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Total									
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RESPONSE: Mr. Wade's office has not made Magnolia Ridge's utilization available to the applicant. Publicly available data for the other 2 facilities is set forth below.

Facility	Total Psychiatric Licensed Beds	Geriatric Beds	Adult Psych Beds	Total Child and Adolescent Beds	Total Chemical Dependency Beds	2010 Occup.	2011 Occup.	2012 Occup.	Accept Involuntary Admissions?
Magnolia Ridge (Washington County)	0	0	0	0	0	Not available	Not available	Not available	Not for psychiatric inpatient
Wellmont Regional Medical Center (Sullivan Co.)	12	0	12	0	0	Not available	Not available	Not available	Yes
Woodridge Psych Hospital (Washington Co.)	84	0	84	0	0	63.8%	64.7%	69.6%	Yes
Total*	96	0	96	0	0	63.8%	64.7%	69.6%	

*Based on available information

Please indicate if there are existing psychiatric intensive outpatient or partial hospitalization programs in the proposed service area.

RESPONSE: The applicant is not aware of any psychiatric intensive outpatient or partial hospitalization programs ongoing in the service area.

Will the applicant provide any intensive outpatient or partial hospitalization programs in the proposed service areas?

RESPONSE: The applicant intends to provide both intensive outpatient as well as partial hospitalization. Strategic Behavioral Health has significant experience operating both intensive outpatient and partial hospitalization programs for mental health and substance abuse in its other markets.

21. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services D.2. (Relationship to Existing Similar Services-Access/Special Needs Groups))

The applicant states involuntary patients will be accepted. If an uninsured individual is admitted involuntarily and is then is enrolled in TennCare, will be applicant need to transfer the patient to another facility since adult TennCare patients cannot be accepted?

RESPONSE: SBH – Kingsport, LLC does not believe that this scenario is likely given the time it would take for enrollment and eligibility verification. It is our belief that there is a very high probability that the individual would be stabilized and no longer be involuntary in the time that it would take to enroll in TennCare.

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22. Section C, Need, Item 3.

Please provide a clearer county level map of the proposed service area.

RESPONSE: The requested service area map is attached.

23. Section C, Need, Item 6

Please also complete the following chart:

Facility	Beds	Year 1	Year 1	Year 1	Year 1	Year 2	Year 2	Year 2	Year 2
		Admits	Pat. Days	ALOS	%Occ.	Admits	Pat. Days	ALOS	%Occ.
SBH-Kingsport, LLC									

RESPONSE:

Facility	Beds	Year 1	Year 1	Year 1	Year 1	Year 2	Year 2	Year 2	Year 2
		Admits	Pat. Days	ALOS	%Occ.	Admits	Pat. Days	ALOS	%Occ.
SBH-Kingsport, LLC	72	725	8,700	12	33	1,425	17,100	12	65

Please provide the details regarding the methodology used to project 8,700 patient days during the first year of operation and 17,100 patient days during the second year of operation. The methodology must include detailed calculations or documentation from referral sources.

RESPONSE: Mental illness effects a large portion of the United States population, with 44.7 million adults experiencing some mental illness in 2011- 2012, and another 10.4 million adults experiencing serious mental illness, such as schizophrenia, chronic depression, or bipolar disorder. (Data from the Substance Abuse and Mental Health Administration's National Survey on Drug Use and Health, published May 31, 2012) The Substance Abuse and Mental Health Administration (SAMHSA) provides data on mental illness in the United States. According to SAMHSA estimates, the following percentages of people in the United States and Tennessee suffer from mental illness (These tables are based on National Survey on Drug Use and Health surveys conducted in 2008 and 2009.):

Tennessee	21.46%
Nation	19.77%

Tennessee	5.01%
Nation	4.62%

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Tennessee has mental illness rates higher than the national average. With such large portions of Tennessee's population suffering from mental illness, it is important for the state to ensure adequate availability of mental health services so this population can receive needed psychiatric treatment.

Strategic Behavioral Health has extensive experience in the ramp up of psychiatric hospitals. The applicant has looked at the population of the service area, prevalence of mental illness and serious mental illness and has taken into account the ramp up pattern of other SBH facilities as its methodology and to form its projections.

The total average daily census of 23.8 in Year One and 46.8 in Year Two of the proposed project is noted. Please break-out the proposed average daily census by unit:

	Year One- ADC	Year Two- ADC
Adult Psychiatric Unit (18 beds)		
Gero Psychiatric Unit (16 Beds)		
Child and adolescent beds (28 beds)		
Chemical Dependency Unit (10 beds)		
Total	23.8	46.8

RESPONSE:

	Year One- ADC	Year Two- ADC
Adult Psychiatric Unit (18 beds)	6	11.7
Gero Psychiatric Unit (16 Beds)	5.3	10.4
Child and adolescent beds (28 beds)	9.2	18.2
Chemical Dependency Unit (10 beds)	3.3	6.5
Total	23.8	46.8

Please provide letters of referral from Community Mental Health Centers, Private Psychiatrists and Primary Care Physicians, etc.

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RESPONSE: At this time, the applicant has met with a wide sample of community mental health stakeholders; including private practice clinicians, law enforcement, medical/surgical hospitals, skilled nursing facilities, teaching institutions, Department of Children's Services and local government officials. The applicant has attached the Letters of Support that are already in receipt, validating the need for additional inpatient psychiatric services discussed during the meetings. In addition, the applicant anticipates receiving letters of support from several community stakeholders.

Please also provide letters from the service area's Community Mental Health Agency's mobile crisis teams that express the need for the proposed psychiatric inpatient facility in Sullivan County.

RESPONSE: A Strategic Behavioral Health Representative has made contact with Frontier Health, who is not willing to write a letter expressing the need for our proposed facility. In a meeting on October 10, 2013 with Lucretia Sanders, Regional Administrator for the Department of Children's Services, a representative from Strategic Behavioral Health was told that there is definitely a need for additional inpatient psychiatric beds. Mrs. Sanders indicated that if DCS is unable to get a youth placed at Woodridge Hospital they have to send the youth to Knoxville, which puts a tremendous strain on continuity of care and is not desirable. Additionally, in a meeting with Sullivan County Sheriff's Office Chief Deputy Lisa Christian a representative from Strategic Behavioral Health was shown data reflecting mental health transports conducted by the department. In 2012 there were 1,107 transports that had to leave Sullivan County to receive services. In 2013 there were 1,168 transports that had to leave Sullivan County to receive services. On 1/14/2014 a representative from Strategic Behavioral Health met with several key stakeholders from Kingsport City Schools. During this meeting it was stated that the school district takes a proactive role in responding to the mental health needs of its students and would be encouraged to work with Strategic Behavioral Health as a community partnership to place an emphasis on continuity of care and transitional re-entry into schools.

24. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The letter from Thomas Construction Group dated December 9, 2013 is noted. Please submit the referenced attached "Part A of the Project Costs Chart" the letter is referencing.

RESPONSE: This reference refers to "Part A" of the Project Cost Chart itself, which specifies that the projected construction costs are approximately \$8,000,000.

Please clarify \$562,607 assigned to C.4. "Build Year Operating Cost".

RESPONSE: These are costs, such as personnel and benefit costs, that accrue as operating costs as the applicant brings the project through construction completion and licensure prior to accepting the first patient. A list of these costs is attached.

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25. Section C. Economic Feasibility Item 2 (Funding)

The applicant has checked box F-"Other Funding" to document funding for this proposed project. The letter dated December 11, 2013 for Strategic Behavioral Health, LLC notes the proposed project will be funded through cash, availability under the credit facility and net cash flows from existing operations. Please clarify how much of the \$11,717,915 project cost will be assigned to cash, revolving credit and net cash flows. Also, please check all applicable funding sources for the project and resubmit a replacement page.

RESPONSE: SBH – Kingsport, LLC anticipates that the breakdown of funding for the project is as follows:

- Cash - \$4,100,000
- Revolving Credit - \$6,700,000
- Additional Net Cash Flows - \$917,915

The requested replacement page, indicating all applicable funding sources is attached.

26. Section C. Economic Feasibility Item 3 (Reasonableness of Project Cost)

Please compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: The applicant's construction cost per square foot of \$153.00 compares favorably with that projected by the applicant in the following CON applications: Rolling Hills Hospital, CN1312-051: \$337 per square foot; Woodridge of West Tennessee, CN1309-035: \$114 per square foot (renovation only).

The latest HSDA Hospital Construction Cost per Square Foot analysis for projects approved by the HSDA 2010-2012 is provided at the following web-site:

http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf

RESPONSE: See the attached chart for the requested historic costs per square foot. The median cost per square foot for new hospital construction projects for 2010-2012 was \$259.66 per square foot. The applicant projects that its construction costs are approximately \$153.00 per square foot. This project's projected construction costs are thus below the 2010-2012 median cost.

27. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

Please indicate if there are management fees associated with this project. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include

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any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

RESPONSE: There are no management fees associated with this project.

There appears to be a calculation error for the total of Gross Operating Revenue in Year 2 on the Projected Data Chart. Please verify and resubmit a replacement page if needed.

RESPONSE: The Gross Operating Revenue in Year 2 on the Project Data Chart had a typo and should have been \$28,023,800 and not \$26,023,800. A corrected Project Data Chart is attached.

The applicant projects 8,700 patients in Year One. What is the census of patients needed to breakeven?

RESPONSE: The census of patients that is needed to break even is twenty four (24).

Please complete the following for D.9 of the Projected Data Chart:

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

	Year __	Year __
1.	\$	\$
2.		
3.		
4.		
5.		
6.		
7.		
Total Other Expenses	\$	\$

RESPONSE:

OTHER EXPENSES CATEGORIES

	Year_1_	Year_2_
1. Advertising	\$_120,000_	\$_120,000_
2. Purchased Services	\$_366,708_	\$_550,542_
3. Recruitment	\$_36,000_	\$_36,000_
4. Travel	\$_90,000_	\$_90,000_
5. Repairs	\$_17,400_	\$_34,200_
6. Insurance	\$_48,000_	\$_48,000_
7. Utilities	\$_144,300_	\$_149,850_

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8. Misc. Expenses	\$ 20,700__	\$ 29,100__
Total Other Expenses	\$ 843,108__	\$ 1,057,692__

28. Section C. Economic Feasibility Item 5

Please calculate average gross charge, average deduction from operating revenue and average net charge Year One. The applicant should divide each area by the total of patient days.

RESPONSE: The applicant projects that its average gross charge per inpatient day in year 1 is approximately \$1,578, and that its average net charge per inpatient day is approximately \$550 per day. Its average deduction from gross operating revenue is approximately \$1,028.

29. Section C, Economic Feasibility, Item 6.A. and 6.B.

Please provide comparative charges to Woodridge Psychiatric Hospital in adjoining Washington County.

RESPONSE: As indicated by data on p. 18 of its 2012 JAR, the Woodridge Psychiatric Hospital average charges per day appear to be approximately \$2,214 per patient day. This figure was derived by dividing its reported gross charges for inpatient (\$47,218,094) care by the number of its reported 2012 inpatient days (21,329).

30. Section C, Economic Feasibility, Item 9.

How will the medically indigent be served?

RESPONSE: Appropriate medical care will be provided to all patients, regardless of their ability to pay. That care will be limited to the appropriate scope of a psychiatric hospital. Emergency medical or life threatening medical will be transferred to the appropriate medical hospital.

31. Orderly Development, Item 1

Does the applicant plan to have a working relationship with area mobile crisis teams?

RESPONSE: Yes, the applicant intends to have a working relationship with the area mobile crisis teams. As indicated in question 6, Frontier Health did say that if we were able to complete our project and provide quality clinical programing that they would work with us.

32. Orderly Development, Item 2

It appears there are other inpatient psychiatric providers such as Woodridge Psychiatric Hospital that also claims Hawkins and Sullivan counties in their service area. How will this proposal impact the utilization of similar providers such as Woodridge?

RESPONSE: Utilization of Woodridge and other inpatient psychiatric providers not in the service area has already been accounted for in the projections for this project. The

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elimination over recent years of inpatient psychiatric beds at Indian Path Pavilion and Lakeshore Mental Health Institute in Knoxville demonstrate the continuing need for additional inpatient psychiatric beds in this service area.

33. Section C, Contribution to Orderly Development, Item 3

The applicant has assigned 1.4 techs and 1.4 R.N/UM per shift. This staffing pattern appears to be underestimated by the applicant in staffing a 72 bed psychiatric facility that may have high acuity patients. How will 1.4 techs and 1.4 RN/UM cover four (4) units? If there is a suicide watch how will this be handled with limited staff? Please clarify.

RESPONSE: The hospital will be staffed based on clinical acuity and staffing levels will increase to accommodate the need if special observation is required. The staffing pattern previously submitted was calculated by taking averages of FTE's per unit per shift over the ramp up census levels. The following ratios should provide more clarity on staffing:

Nursing – 1:10

Mental Health Tech – 1:8

Recreation Therapist – 1:30

Therapist – 1:12

In addition to fifteen (15) minute checks, line of sight observations and one-to-one observations will be used as needed. A PRN pool will be established to support the need for additional staff for special observations.

How will one therapist cover four (4) psychiatric units in Year One and Year Two, and be specialized in child and adolescent, chemical dependency, adult psych and gero-psych areas?

RESPONSE: The applicant will have appropriate therapist coverage for each patient population. There is a one (1) to twelve (12) therapist ratio. Therapists will be educated and trained in all specialized areas and populations.

Why are there no FTEs assigned to teachers?

RESPONSE: Children in acute psychiatric hospital care are on medical homebound from local schools and education is not the focus of acute stabilization; however the applicant will, upon the guardian's request, communicate with the school in order to avoid administrative disenrollment due to attendance.

What will be the patient to tech and nurse ratio for each of the four units? Will this meet staffing requirements of the Tennessee Department of Mental Health?

RESPONSE: The applicant will meet the staffing requirements of the Tennessee Department of Mental Health (Rule 0940-5-16-.14). All units will be staffed to acuity.

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Staffing will increase to cover special observations. The tech to patient ratio will be one (1) to eight (8), and the nurse to patient ratio will be one (1) to twelve (12).

Please compare clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources.

RESPONSE: Wage patterns for these positions in this service area, as published by the Tennessee Department of Labor and Workforce Development, are set forth below for the Kingsport-Bristol MSA:

Position	Median Wage
RN	\$48,630
Mental Health Counselor	\$34,740
Healthcare Support Workers	\$33,600

If necessary, please resubmit the staffing pattern for the 72 bed psychiatric facility that will meet licensure standards.

34. Section C, Contribution to Orderly Development, Item 7

Please provide the latest results of a state licensure survey of an existing inpatient psychiatric inpatient facility owned by Strategic Behavioral Health, LLC along with the applicant's responses.

RESPONSE: The requested documentation is attached hereto.

35. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE: The requested documentation is attached hereto.

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Sincerely,

A handwritten signature in black ink, appearing to read "Mike Garone", is written over a horizontal line.

Mike Garone

Contact Person for Certificate of Need
Application CN1312-050
SBH-Kingsport, LLC

Attachments

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made in consideration of the mutual agreements hereinafter set forth and the consideration recited in this Agreement between Roger A Ball & Carroll E. Rose ("Seller"), and SBH-Kingsport, L.L.C., a Delaware limited liability company, ("Buyer").

1. Agreement of Purchase and Sale. Seller shall sell, and Buyer shall purchase, in fee simple, subject to and upon the following terms and conditions, certain real estate located in Sullivan County, in the state of Tennessee, and described more specifically on the attached Exhibit "A" (the property).

2. Purchase Price. The purchase price of the Property shall be Nine Hundred Twenty-Five Thousand and No/100 Dollars (\$925,000) (hereinafter referred to as the "Purchase Price"), subject to the adjustments and prorations set forth herein, and shall be payable as follows:

(a) Fifty Thousand and No/100 Dollars (\$ 50,000) (the "Earnest Money") upon final execution of this Agreement. Said Earnest Money shall be in immediately available funds which shall be held by Commercial Advisors, LLC ("Escrow Agent"). The Escrow Agent shall deposit the Earnest Money in a federally insured, interest bearing account.

(b) The remainder thereof in cash at the closing hereunder, with a credit to Buyer for the Earnest Money.

3. Due Diligence Period. (a) The Buyer shall have until 5:00 p.m. EST on the 180th day following the Effective Date or such later date as permitted in Article 3(d) below, as hereinafter defined, of this Agreement for Purchase and Sale to make such examination and investigation of the Premises as Buyer shall deem necessary and advisable to determine if the Premises may be used for the Buyer's intended purpose (the "Due Diligence Period"). Buyer shall have the right to terminate this Agreement for any reason or no reason during the Due Diligence Period. In the event Buyer terminates this Agreement the Earnest Money shall be promptly returned to Purchaser (less \$1000.00 which shall be paid to Seller as consideration for entering into this Agreement). Seller hereby agrees to cooperate with such examination and investigation, including those regarding Tenant leases and the business affairs of the property.

(b) All such tests, investigations, approvals, shall be performed or obtained at Buyer's sole risk and expense. Buyer shall indemnify, defend, and hold harmless Seller from any and all claims, damages to persons and/or property, or otherwise that may arise in connection with Buyer's examination and investigation of the Premises. Buyer's examination shall not create a hazard on the Premises. Buyer's obligation(s) hereunder shall survive the Closing and any termination of this Agreement. The Seller shall furnish to the Buyer, upon full execution of this Purchase and Sale Agreement, copies of surveys and current operating statements, leases and rent rolls, soil reports, environmental and geotechnical studies, and title policy(ies) for the Premises in the Seller's possession. Seller shall, within sixty (60) days from the Effective Date, provide evidence to Buyer of all utilities as set forth in Section 7(m) below that serve the Premises.

(c) It is specifically contemplated that the full execution of this Purchase and Sale Agreement shall serve as Seller approval that Buyer may conduct a soil and environmental examination of the Premises. In the event this Agreement is terminated by the Buyer pursuant to paragraph 3(d) below for any reason or no reason whatsoever, a copy of all environmental reports conducted with respect to the Premises by or for the Buyer shall be provided immediately to the Seller.

(d) Buyer shall endeavor to complete all Due Diligence within the allowed period, however, Buyer shall have the right hereunder to extend the Due Diligence period for three (3) successive periods of sixty (60) days as needed if it has been unable, despite its good faith efforts to complete its Due Diligence including specifically obtaining Buyer's Certificate of Need and

all other necessary permits and licenses for a psychiatric hospital from the applicable government authorities. Upon each extension exercised by Buyer, \$10,000.00 of the previously paid Earnest Money shall be forfeited to the Seller as a non-refundable deposit.

(e) In the event the Buyer, in its sole discretion, determines that the Premises cannot be used for its intended purpose or for any reason or no reason, then Buyer shall give notice to Seller no later than 5:00 p.m. EST on the last day of the Due Diligence Period, as may be extended, that it elects to terminate and rescind this Agreement, in which event this Agreement shall be terminated and Seller and Buyer shall thereafter be relieved of their respective obligations at law and in equity hereunder [except for Buyer's obligations described in paragraph 3(b) above and the earnest money shall automatically be returned to Buyer (less \$1000.00 which shall be paid to Seller as consideration for entering into this Agreement)].

4. Title Insurance. Buyer shall obtain, at its expense, an owner's title insurance commitment, based upon an examination by buyer's attorneys, to issue a title insurance policy (Form 1970 ALTA-B) insuring Buyer's fee simple interest in the Property to the extent of the Purchase Price (the "Title Insurance Commitment"). The Title Insurance Commitment will be issued by Chicago Title Insurance Company, 6840 Carothers Parkway, Suite 200, Franklin, Tennessee 38067, attention: Yale Riley (the "Title Insurance Company") and will contain exceptions only for (a) real estate taxes and assessments for the year of closing; (b) applicable building and zoning laws to which Buyer has not objected to and which will not materially interfere with Buyer's intended use of the Property, as determined by Buyer in its sole and absolute discretion; (c) encroachments, easements, and such other matters shown on the survey, if any, obtained by Buyer pursuant to Paragraph 3 above which Buyer has not objected to and which will not materially interfere with Buyer's intended use of the Property, as determined by Buyer in its sole and absolute discretion; and (d) any other exceptions Buyer approves in writing ("Permitted Exceptions"). The title to the Property to be conveyed by general warranty deed to Buyer shall be good and marketable title in fee simple absolute without defect and free and clear of all liens, encumbrances, easements, restrictions, tenancies, memorials, rights, covenants, conditions, charges, agreements, encroachments, and other exceptions to title, except for the Permitted Exceptions. If the Title Insurance Commitment contains other exceptions, not acceptable to Buyer, then Buyer shall notify Seller of such exceptions not later than sixty (60) days from the end of the Due Diligence Period, and Seller may, without any obligation to do so, have twenty (20) days from receipt of the objection(s) to resolve such exceptions to the satisfaction of Buyer. Buyer shall also have the right to remove such exceptions at its expense, but there shall be no obligation on Buyer to do so. If Seller is unable or unwilling to cure or resolve such exceptions to Buyer's satisfaction within the time specified, Buyer shall have the right to terminate this Agreement in which event it shall be refunded the Earnest Money and any interest earned thereon or to waive such objection and close as set forth in Paragraph 9 (less \$100.00 which shall be paid to Seller as consideration for entering into this Agreement).

5. Appraisal. The Buyer may obtain an appraisal of the Property from an appraiser selected by the Buyer, however the sale shall not be contingent on an appraisal

6. Expenses and Prorations. The expenses of this transaction and closing prorations shall be paid as follows:

(a) Buyer will pay the transfer taxes and recording costs incurred in recording the general warranty deed, the title insurance policy and for the survey;

(b) Buyer shall pay for the cost of the title search.

(b) Each party will pay its own attorney's fees;

(c) The real estate taxes shall be apportioned between the parties as of the date of closing.

(d) Rent, if any, charges and assessments for sewer and water and other utilities, including charges for consumption of electricity and gas, if any, shall be prorated as of the date of Closing. If such charges are unknown as of the date of closing, Buyer shall present Seller with bills therefor and Seller shall pay to Buyer its prorata share of such expenses within ten (10) days of receipt of said bills.

(e) Any other applicable expenses and income will be apportioned as of the date of Closing.

Seller's attorney shall prepare all documents, which shall be subject to the reasonable approval of Buyer and Buyer's attorney.

7. Representations and Warranties. Seller represents and warrants the following to Buyer, which representations and warranties shall be deemed to be made by Seller to Buyer also as of the closing date and the obligations of Buyer under this Agreement shall be subject to the truth and accuracy of the following representations and warranties as of the effective date hereof and as of the Closing, as herein defined. In the event any of the representations and warranties are not true and accurate in any material respect as of the effective date hereof and as of the Closing, Buyer shall have the option of terminating this Agreement, in which event the Earnest Money shall be paid to Buyer together with any interest earned thereon and all parties hereto shall be released from any and all liabilities hereunder or Buyer may, as its sole option and discretion, waive all or a part of such representations and warranties in writing and close the purchase and sale herein provided for in accordance with the other terms and conditions without Buyer waiving its rights as to any other parties or claims with respect to said Property; provided, however, that Buyer's right to terminate this Agreement shall be subject to Buyer giving Seller thirty (30) days prior written notice of its intent to terminate this Agreement, and Seller's inability to cure such defects within said thirty (30) day period, provided further if notice is received within thirty (30) days of the Closing, the closing date shall be postponed for up to an additional thirty (30) days to give Seller the opportunity to cure.

(a) As of the date of Closing, there will be no parties in possession of any portion of the Property as lessees, tenants, occupants, tenants at sufferance or trespassers.

(b) There are no pending or threatened condemnation or similar proceedings or assessments affecting the Property or any part thereof nor to the actual knowledge and belief of Seller are any such proceedings or assessments contemplated by any governmental authority;

(c) There are currently no defaults under any indebtedness, indenture, mortgage, deed of trust or other instruments which relate to or affect the Property;

(d) To its actual knowledge, Seller has complied with all applicable laws, ordinances, regulations, statutes, rules and regulations relating to the Property or any part thereof;

(e) Between the effective date of this Agreement and the date of the Closing, Seller shall not (i) perform any material change or improvement on the Property, or (ii) create, incur or suffer to exist any mortgage, lien, pledge or other encumbrance in any way affecting the Property;

(f) INTENTIONALLY DELETED.

(g) Seller lawfully possesses good and marketable fee simple title to the Property, free and clear of all liens, encumbrances, and other exceptions to title except for the Permitted Exceptions, and Seller has the good and valid right to convey the same to Buyer without the joinder or approval of any other person or entity whatsoever; any and all subdivision or other approvals necessary for the conveyance of the Property have been obtained;

(h) Neither the entering into this Agreement nor the consummation of the transactions contemplated herein will cause a violation of breach by Seller of any contracts, agreements, or instruments to which Seller is a party or by which Seller or any of the Property is bound;

(i) There is no litigation or proceeding pending, or to Seller's actual knowledge threatened, against or relating to any of the Property;

(j) To Seller's actual knowledge there exists no requirement to comply with any state, regional, or local "impact" or similar laws, statutes, ordinances, codes, or regulations of any kind or nature whatsoever in connection with development of the Property (Seller covenants to notify Buyer in writing if any such requirement is enacted prior to Closing);

(k) To Seller's knowledge, no pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritant or contaminant, such as smoke, vapor, soot, fumes, alkalis, acids, chemicals or wastes (including materials to be recycled, reconditioned or reclaimed) have been or shall be stored, discharged, released, generated, dispersed, treated, disposed of or allowed to escape from the Property; no asbestos or asbestos-containing materials have been or shall be installed, used, incorporated into or disposed of on the Property; no underground storage tanks are located on the Property, or of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other environmentally prohibited or regulated substance; and to Seller's knowledge, no investigation, administrative order, consent order and agreement, litigation or settlement with respect to any of the foregoing is proposed, threatened, anticipated or in existence with respect to the Property; to Seller's knowledge the Property is in compliance with all applicable

federal, state and local statutes, laws and regulations; to Seller's knowledge, no notice has been served on the Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources;

(l) The Property is currently zoned B-3.

(m) As of closing all utilities shall be located on or near the Property. Seller represents and warrants that all necessary utilities for the operating of a medical facility are extended and properly dedicated for use with governmental authorities, including but not limited to sewer, water, electricity, gas, and telephone, and that Buyer shall not incur any expense regarding such utility extensions.

(n) There are no valid contracts, options, or other obligations outstanding for the sale, exchange, transfer or lease of the Property, or any portion thereof; there are no consents, approvals or notices required to be obtained from or given by third parties (including governmental agencies or authorities) in connection with Seller's execution and performance of this Agreement; and

(n) Seller warrants that the Property does not include cemetery, Indian burial ground or village, or any other matter of archeological significance that would require the notification or consent of any persons or entity (including, without limitation, the Division of Archaeology of the Tennessee Department of Conservation) in connection with any excavation or construction thereon.

The representations and warranties set forth above shall survive the Closing.

8. Closing

(a) The Closing (herein referred to as the "Closing") of the purchase and sale contemplated herein shall take place at location of Buyer's choosing within thirty (30) days after the last day of the Due Diligence Period as may be extended.

(b) At the Closing, Seller shall deliver the following:

(i) A general warranty deed for the Property fully executed, in recordable form and reasonably acceptable to the Title Insurance Company.

(ii) A materialmen's lien affidavit; and

(iii) Non-foreign affidavit required by Buyer to discharge its obligations pursuant to Section 1445 of the United States Internal Revenue Code.

(iv) any other closing documents required by the Title Company or reasonably requested by Buyer.

(c) At the Closing, Buyer shall receive a properly issued title policy consistent with the provisions of this Agreement.

9. Default.

(a) In the event that Buyer defaults, Seller shall, at its sole remedy, shall be paid the Earnest Money and interest earned thereon, if any, as agreed upon liquidated damages as its sole remedy, and the parties shall be relieved from any further liability hereunder. The Buyer and Seller acknowledge and agree that Seller's damages would be difficult to ascertain but that the Earnest Money is a reasonable estimate of such damages and is hereby deemed fair and reasonable under the circumstances.

(b) In the event that Seller defaults, Buyer shall, at its option, be entitled:

(i) to compel Seller to convey the Property by a suit for specific performance, in which event Seller waives the defense of lack of mutuality;

(ii) to declare this Agreement terminated in which event Buyer shall be entitled to immediate return of the Earnest Money and interest earned thereon, if any, and the parties shall thereafter be relieved from any further liability hereunder, or

(iii) to bring a suit for damages in which event Buyer shall be entitled to receive the Earnest Money and interest earned thereon, if any, together with such damages as may be awarded in such suit.

The parties hereby waive the lack of mutuality of remedies.

10. Risk of Loss. All risk of loss of or to the Property, in whole or in part, as a result of any casualty or the exercise of the power of eminent domain shall remain on Seller until the transfer of legal title to Buyer pursuant to the purchase. If, before the date of closing of the purchase, any condemnation (taking by eminent domain) proceeding is or has been commenced with respect to the improvements thereon, Buyer shall have the option of either terminating this Agreement or of completing the purchase contemplated herein, which election shall be made within fifteen (15) days of receipt of written notice of such condemnation or casualty. In the event Buyer shall elect to terminate this Agreement, Buyer shall be refunded the Earnest Money together with interest thereon, if any, and all parties shall be relieved and discharged of any further liability hereunder. If, however, Buyer shall elect to complete this transaction, Buyer shall be entitled to receive the entire award for the Property or the portion thereof so taken or the entire amount of any insurance proceeds. Seller shall execute and deliver to Buyer at the closing hereunder all proper instruments of the assignment and collection of any such proceeds and awards.

11. Broker and Commission. Seller and Buyer each represent and warrant to the other that there are no brokers involved in the transaction contemplated herein other than Cornerstone CRES whose commission of six percent (6%) of the Purchase Price shall be paid by the Seller upon receipt of the Purchase Price, as and when received by the Seller. If any claim is made or brought by any broker in connection with this transaction, the party whose conduct or agreement gave rise to such claim shall indemnify the other for any damage or expense sustained in connection therewith, including without limitation, reasonable attorney's fees. The provisions of this paragraph shall survive the closing.

12. Notices. Any notice, demand, instruction or other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered in person or sent by first class, registered or certified mail, postage fully prepaid, by overnight delivery service or by telegram (which term shall be deemed to include mailgrams) addressed as follows:

To Buyer: Strategic Behavioral Health, L.L.C.
8295 Tournament Drive, Suite 201
Memphis, Tennessee 38125
Attn: Mike Garone

With Copy to:
Evans Petree, PC
1000 Ridgeway Loop Road, Suite 200
Memphis, Tennessee 38120
Attn: E. Woods Weathersby

Evans Petree PC
1000 Ridgeway Loop Road, Suite 200
Memphis, Tennessee 38120
Attn: Richard E.M. Nichol Jr.

To Seller: Roger A Ball & Carroll E. Rose
P.O. Box 237
Tazewell, TN 37879-0237

13. Miscellaneous

(a) This Agreement shall be binding upon each of the parties hereto and their respective successors and assigns.

(b) This Agreement and its exhibits constitute the entire agreement of the parties, and no other statement or representation shall be considered a part of this Agreement, or binding upon the parties, unless the same shall be contained herein.

(c) Buyer shall have the right to transfer or assign this Agreement without the prior written consent of Seller, and upon such assignment, the Buyer originally identified above shall be relieved of all obligations hereunder (other than the deposit of the Earnest Money), which obligations shall become the responsibility of the assignee.

(d) Time is of the essence of this Agreement.

(e) This Agreement may be executed in any number of counterparts, any one or all of which shall constitute the agreement of the parties.

(f) The captions contained herein are for purposes of identification and convenience only and shall not be considered in construing this Agreement.

(g) This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

(h) All representations, warranties, covenants, and indemnities contained herein shall survive the closing of the purchase and sale of the Property and for a period of three (3) years thereafter.

(i) The prevailing party in any action commenced due to the breach hereof shall be entitled to recover its costs, expenses and reasonable attorney's fees incurred in the enforcement of this Agreement.

14. Approval by Seller. Not later than December 10th, 2013, Seller shall execute this Agreement and shall deliver the executed Agreement to Buyer. If Seller fails to do so, this offer shall terminate.

The remainder of this page is intentionally blank.

SUPPLEMENTAL- # 1

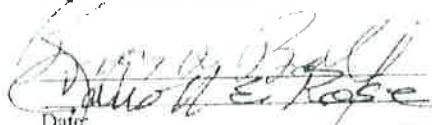
January 29, 2014

3:10pm

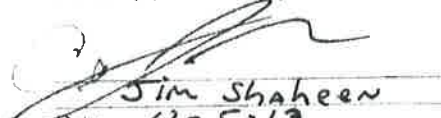
IN WITNESS WHEREOF each of the parties hereto has signed this Agreement on the date shown below of their respective signatures.

SELLER(S):

Roger A Ball & Carroll E. Rose

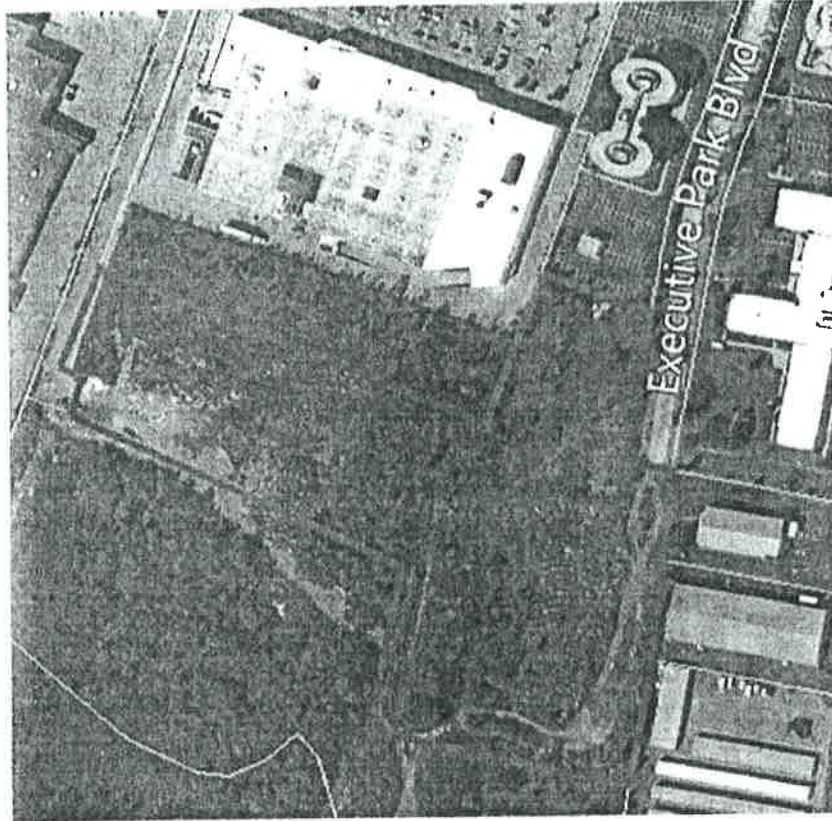

Date: _____
Time: _____

BUYER(S): SBH-Kingsport, L.L.C.


Date: 12-5-13
Time: _____

JAN 29 '14 3:08

EXHIBIT A
Indian Trail Dr. Kingsport, TN
PARCEL # 047P A 004.05
Approximately 9.69 acres

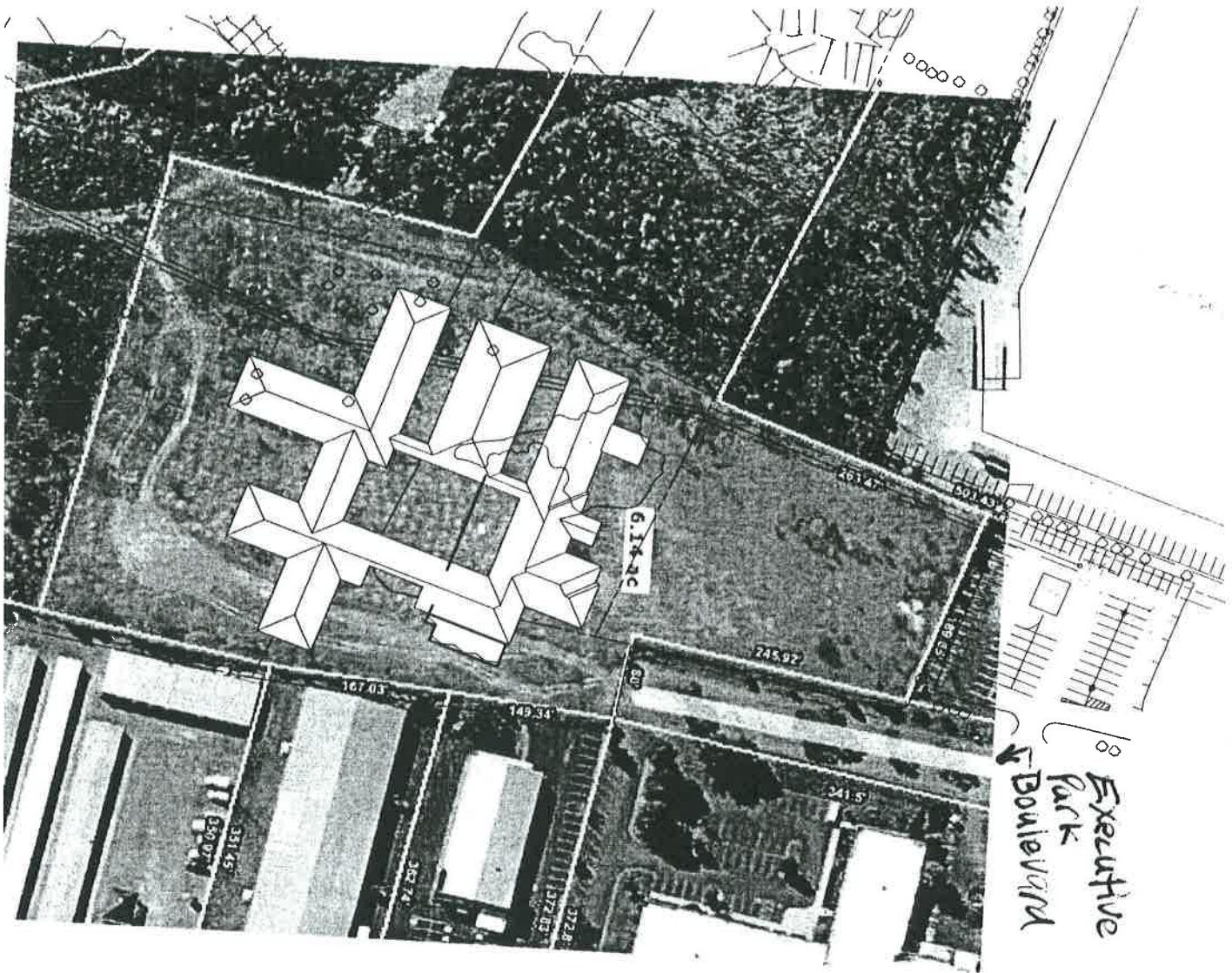


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SUPPLEMENTAL- # 1

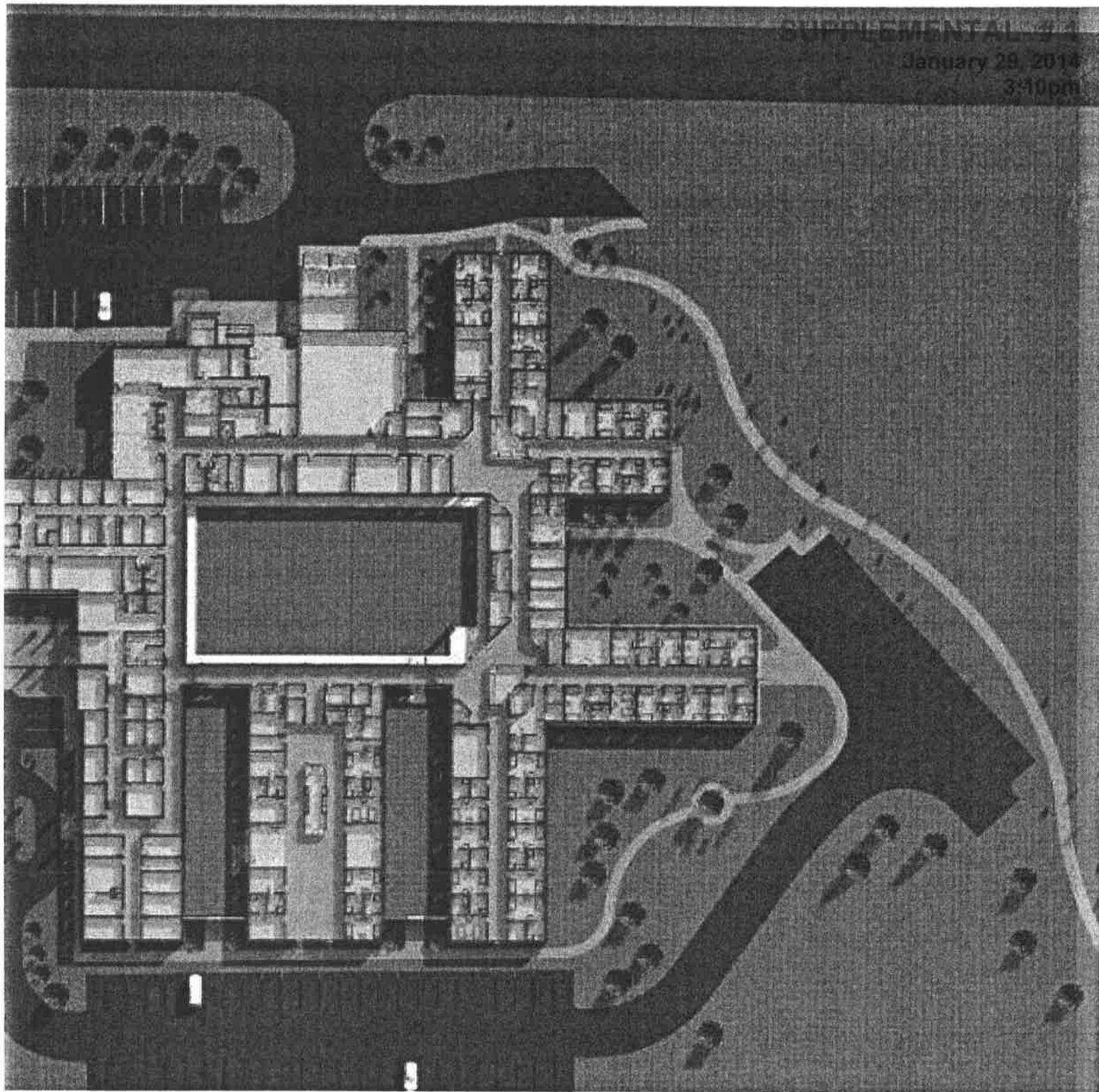
January 29, 2014

3:10pm



NOTES

1. THE PROPERTY IS LOCATED AT THE CORNER OF THE INTERSECTION OF THE
2. THE PROPERTY IS A 100' X 100' LOT.
3. THE PROPERTY IS A 100' X 100' LOT.
4. THE PROPERTY IS A 100' X 100' LOT.
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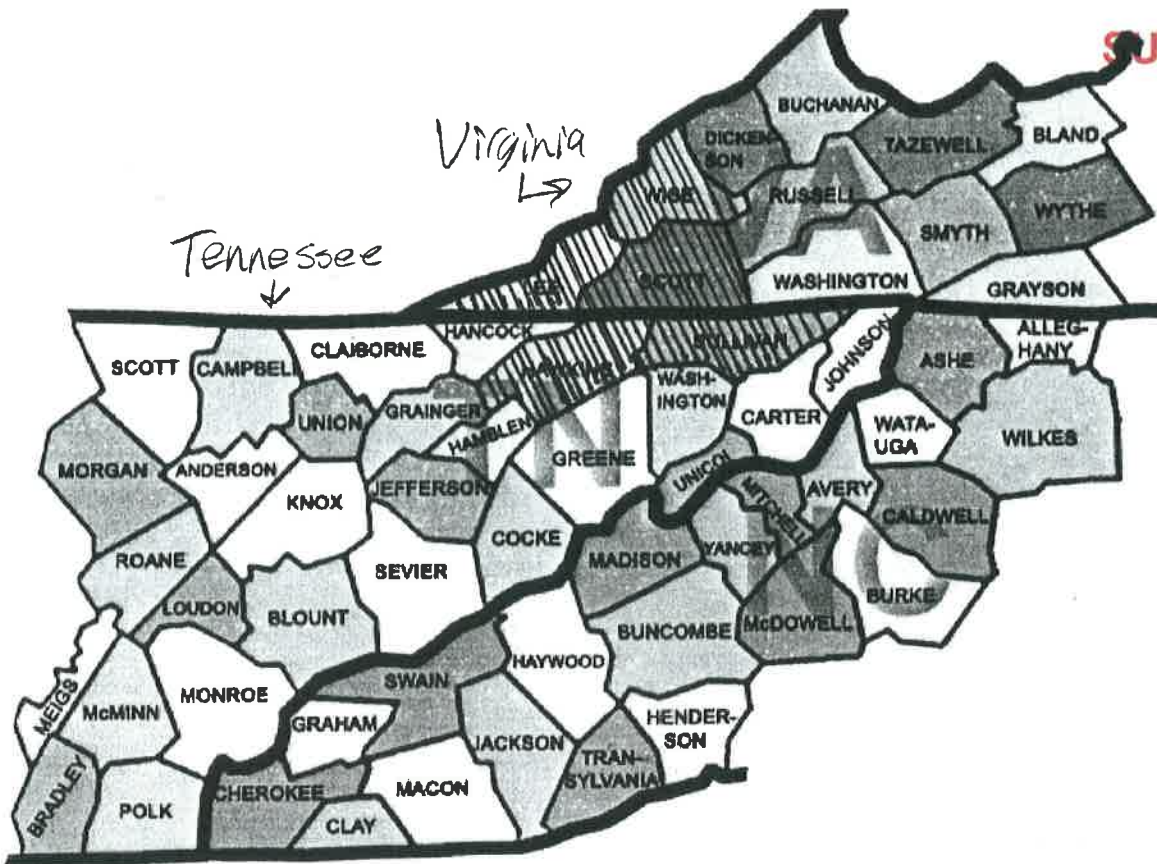


C.3. - Service Area Map

SUPPLEMENTAL- # 1

January 29, 2014

3:10pm





KINGSPORT POLICE DEPARTMENT

200 Shelby Street, Kingsport, Tennessee 37660
Information: (423) 229-9300 · Fax: (423) 224-2786
Email: kptpd@ci.kingsport.tn.us

David Quillin
Chief of Police
(423) 229-9423



SUPPLEMENTAL- # 1

29, 2014
10pm

Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, TN 37243

To Whom It May Concern,

My name is David Quillin. I serve as the Chief of Police of the Kingsport Police Department. I have almost 30 years of local law enforcement experience. It has come to my attention that Strategic Behavioral Health, LLC has expressed an interest in potentially locating a facility in our city which would expand access to mental health services for our community.

I believe this type of facility could be beneficial to our community for a variety of reasons:

- There are waiting lists at other facilities and citizens cannot get the care they need in a timely manner.
- Emergency rooms at hospitals should probably not be the place where mentally ill are treated.
- The local mental health system has been stressed after the closure of Indian Path Pavilion and Lakeshore Mental Health Institute.
- Large portions of our population must travel outside of the area in order to receive the appropriate treatment.
- Our community hospital system provides exceptional care, but, based on my experience, there is still a growing need for psychiatric services in our immediate area.

I would be happy to answer any questions, should they arise.

Regards,

David Quillin, Chief of Police

January 29, 2014

3:10pm

The Journey Center for Healing Arts

2762 E Center Street, Kingsport, TN 37664 Ph: 423-408-8041 Email: sybilrsmith@gmail.com

1/22/14

Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, TN 37243

To Whom it May Concern:

Being a therapist in private practice and connected to the Kingsport, TN community for over a decade, I am voicing my support for expanded mental health services. My name is Sybil Smith, and I hold a state license as LPC-MHSP, national board certification as a music therapist, as well as the FAMI designation.

In my practice, I work with teens and adults who struggle with anxiety, depression and eating disorders, specifically as a result of trauma. In most cases, emotional crisis is either the precipitating factor that brings people to seek treatment, or the crisis comes as a result of dealing with very traumatic issues in an unsupported environment. In both cases, my hands are tied, in terms of offering resources to my clients for inpatient treatment, detox, or intensive out patient therapy. With the closest facility to provide these services being nearly an hour's drive away, it is a real deterrent for our community members to receive the support and healing that they so desperately need.

Because of the lack of resources, many of our community members end up in the hospital system. While we have top-notch hospital care here, neither Wellmont nor Mountain States are equipped to fully service the mental health needs of my clients. When clients do find resources outside of our community – often out of state – the continuity of care becomes much more difficult. Consistency is one of the key factors in healing anxiety, depression, eating disorders and trauma. Having a facility in our community will help me continue care in a more manageable and healthy way that benefits my clients.

If you have any other questions, please feel free to contact me; I am happy to support mental health awareness and resources in our community.

Sincerely,



Sybil R Smith, LPC-MHSP, MT-BC, FAMI
The Journey Center for Healing Arts



**Cognitive Behavioral
Specialists of the Tri-Cities**
Teaching the ABC's of Healthy Choices

SUPPLEMENTAL- # 1

**January 29, 2014
3:10pm**

2758 E Center St., Kingsport, TN 37664 423-245-5608

January 14, 2014

Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, Tn 37243

To Whom It May Concern,

I am provider of mental health services in an outpatient private practice setting in Kingsport Tn. I am writing this letter to express my deep concern related to the serious lack of higher level of care options for mental health clients.

As it stands now any client in a psychiatric crisis has very few options, all of which are problematic. They must go to the emergency room to be evaluated and cleared before being approved to transfer to Woodridge. This is a problem for many of my clients that do not want to go through the emergency room and incur additional and unnecessary medical bills, clients that are concerned about sitting in the emergency room with flu and other contagious illness, as well as for clients that are not emotionally stable to sit the long hours to be cleared. Many of my psychiatric clients refuse to go to Woodridge because they have gone in the past and been traumatized by patients who were in the unit for detox/ substance abuse purposes. Woodridge is limited in the number of beds available and often must send critical overflow to either Knoxville or Nashville. This is extremely difficult for clients who are already in crisis. I have had suicidal clients that required involuntary commitment who were forced to ride in the back of a police car to Nashville. This experience was extremely traumatic and has resulted in additional psychiatric issues for that client as well as a fear of future hospitalizations. The only alternative to Woodridge currently is a 72 hour facility that patients can be placed in for safety; however, that does not provide any therapy or skills to help them cope when they return home.

The need for children and adolescents is even far greater. These children are being transported up to 9 hours away to receive psychiatric treatment. It is impossible for families to be involved in the treatment process from that far away. This can cause greater psychiatric stress and trauma to already fragile children. It is extremely difficult to have continuity of care between providers in Knoxville, Nashville and Memphis and those providers who will be following up with these patients when they return home. This can often result in unnecessary and sometimes abrupt medication changes with local physicians who are taking over when the patients are discharged. This can cause the client another crisis for which the only treatment options are listed above.

I believe strongly that it is in the best interest of my clients and of our local community to grant the CON and expand the options for mental health treatment in our community. Please contact me for any additional information at 423-245-5608.

Sincerely,

Cheri L. Baird, LCSW/CCBT



**Cognitive Behavioral
Specialists of the Tri-Cities**
Teaching the ABC's of Healthy Choices

SUPPLEMENTAL- # 1

**January 29, 2014
3:10pm**

2758 E Center St., Kingsport, TN 37664 423-245-5608

January 15, 2014

**Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, TN 37243**

To Whom It May Concern:

As a licensed professional counselor, I would like to offer my support for the proposal by Strategic Behavioral Health, LLC to construct a new behavioral health hospital in Kingsport, Tennessee. I am currently in private practice and see a need for such a facility since the closure of Indian Path Pavilion in 2009 and the more recent closure of Lakeshore in Knoxville. This has left our community in need of inpatient care and only one facility to provide those services.

I was employed at Indian Path Pavilion from 2000-2009 as a counselor and worked in various programs during my tenure. The closing of the facility had nothing to do with a decreased need from the community but more so because of poor management. Many patients now must either seek treatment at Woodridge Hospital in Johnson City or go to Knoxville and beyond to get the care they need. Most patients and clinicians in the area do not believe Woodridge offers the quality of care they desire, now that Woodridge is owned by Mountain States Health Alliance (MSHA). Potential patients for Woodridge are required to go to a local emergency department for screening prior to admission, placing an unnecessary burden on those seeking treatment. This alone keeps many people needing inpatient treatment from following through. Since MSHA is a medical organization, psychiatric care is only a fraction of their services and does not receive the resources it needs.

My understanding of the proposed hospital is that Strategic Behavioral Health, LLC will fill a niche in our community by offering underserved populations services they need, in our area rather than requiring travel to other areas of the state. This is especially important for substance abuse and treatment of children and adolescents so that family may be involved.

In conclusion, I strongly support the certificate of need for a new psychiatric hospital in Kingsport, Tennessee.

Sincerely,

Harold Leonard, LPC/MHSP

Harold Leonard, LPC/MHSP, CCBT



**Cognitive Behavioral
Specialists of the Tri-Cities**

Teaching the ABC's of Healthy Choices

SUPPLEMENTAL- # 1

January 29, 2014

3:10pm

2758 E Center St., Kingsport, TN 37664 423-245-5608

January 15, 2014

**Tennessee Health Services
and Development Agency
502 Deaderick Street
Nashville, TN. 37243**

To Whom It May Concern:

My names is Kristy Beach-Callebs and I am a Licensed Professional Counselor in private practice in Kingsport, Tennessee. I am writing to voice my support of expanding access to mental health services in this area.

The mental health system suffered two significant blows in recent years with the closure of Indian Path Pavilion and Lakeshore Mental Health Institute. These closures left a void in the Tri-Cities area for much needed psychiatric services, and this void has continued to grow. Clients have turned to local emergency rooms for psychiatric assessments and care that clearly need to be addressed in a facility intended for that purpose. Clients have needed to travel outside of their community for inpatient treatment as well as intensive outpatient services. This has especially been difficult for our adolescent population.

While some services are being provided at Woodridge Psychiatric Hospital in Johnson City, Tennessee, the distance and travel involved for clients attending an Intensive Outpatient Program create additional hardships emotionally and financially at a time when they are already under tremendous stress. As a clinician, I am constantly urging clients to increase their support system. A strong healthy support network can be the difference between recovery and relapse, and this network needs to include community resources as well as family and friends. The Tri-Cities area is in desperate need of psychiatric services and resources at a community level. This would help clients, and the professionals who seek to help them.

Thank you for your time and attention to this matter.

Sincerely,

**Kristy Beach-Callebs, LPC/MHSP CCBT
Licensed Professional Counselor**

**Cheri L. Baird, LCSW CCBT
Licensed Clinical Social Worker**

**Kristy Beach-Callebs, LPC/MHSP CCBT
Licensed Professional Counselor**

**Harold Leonard, NCC, LPC/MHSP
Licensed Professional Counselor**

January 29, 2014

3:10pm



STATE OF TENNESSEE
DEPARTMENT OF CHILDREN'S SERVICES
2557 Plymouth Road
Johnson City, TN 37601

January 28, 2014

Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, TN 37243

To Whom It May Concern:

My name is Lucretia Sanders and I am the Regional Administrator for the Northeast Department of Children's Services. I am writing to voice my support of expanding access to mental health services in this area.

Our primary focus is the health, safety, and well-being of children and families. Often these children and families have significant mental health needs that impact successful reunification back into their home. Additionally, it may impact them staying in their home. One of the significant barriers identified has been waiting lists, transportation needs, and available resources.

Our current mental health facility strives diligently to meet the needs, but the distance to drive to Johnson City for families creates emotional and financial hardships at a time when they are under stress already. Since we cover an eight county region, a large portion of our population has to travel outside of their home county to receive the needed mental health care.

Any additional services that can come to our area would greatly enhance the area and meet the needs of children and families we serve.

Sincerely,

Lucretia B. Sanders, Regional Administrator



KINGSPORT POLICE DEPARTMENT

200 Shelby Street, Kingsport, Tennessee 37660
Information: (423) 229-9300 · Fax: (423) 224-2786
Email: ktpd@ci.kingsport.tn.us

David Quillin
Chief of Police
(423) 229-9423



Tennessee Health Services and Development Agency
502 Deaderick Street
Nashville, TN 37243

To Whom It May Concern,

My name is David Quillin. I serve as the Chief of Police of the Kingsport Police Department. I have almost 30 years of local law enforcement experience. It has come to my attention that Strategic Behavioral Health, LLC has expressed an interest in potentially locating a facility in our city which would expand access to mental health services for our community.

I believe this type of facility could be beneficial to our community for a variety of reasons:

- There are waiting lists at other facilities and citizens cannot get the care they need in a timely manner.
- Emergency rooms at hospitals should probably not be the place where mentally ill are treated.
- The local mental health system has been stressed after the closure of Indian Path Pavilion and Lakeshore Mental Health Institute.
- Large portions of our population must travel outside of the area in order to receive the appropriate treatment.
- Our community hospital system provides exceptional care, but, based on my experience, there is still a growing need for psychiatric services in our immediate area.

I would be happy to answer any questions, should they arise.

Regards,

David Quillin, Chief of Police



STRATEGIC
BEHAVIORAL HEALTH, LLC

SUPPLEMENTAL- # 1

January 29, 2014

3:10pm

December 11, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, TN 37243

RE: SBH – Kingsport, LLC Psychiatric Hospital Project

Dear Ms Hill:

The Kingsport, LLC Hospital project will be funded by a combination of cash, accumulated earnings from operations and availability under our revolving line of credit. As of November 30, 2013 Strategic Behavioral Health, LLC (parent company of SBH – Kingsport, LLC) had \$4.1 million in cash balances and \$6.7 million available under its \$15.5 million revolving credit facility syndicated through Fifth Third Bank.

The current borrowing rate under this credit facility is LIBOR plus 3.50% and the facility matures on May 20, 2018.

The combination of cash, availability under the credit facility and net cash flows from existing operations are more than sufficient to provide the funding required for SBH – Kingsport, LLC Psychiatric Hospital Project.

Please feel free to call me if you have any questions regarding this letter or if you need any additional information.

Sincerely,

Michael A. Orians
Vice President, Treasurer
Strategic Behavioral Health, LLC



SUPPLEMENTAL- # 1

**January 29, 2014
3:10pm**

December 12, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, TN 37243

RE: SBH – Kingsport, LLC Psychiatric Hospital Project (the “Project”)

Dear Ms Hill:

Fifth Third Bank, as Agent for Strategic Behavioral Health, LLC (“SBH”), and its affiliates including SBH – Kingsport, LLC, recently expanded its credit facility and entered into an \$80 million dollar syndicated credit facility in May 2013. Under the new credit facility, SBH has a \$15.5 million revolving credit loan available to fund, among other things, future development projects such as this Project.

This letter is to provide assurance that Fifth Third Bank is familiar with the Project being proposed for CON approval to better serve Kingsport and the surrounding communities.

Fifth Third Bank has a high degree of interest in financing the proposed Project. The Bank anticipates providing both construction and permanent financing for the Project through its revolver. It is the understanding of the Bank that the overall Project and financing request will not exceed \$12,000,000.

The interest rate on the loan would be based on LIBOR plus an applicable spread. The current variable rate on the loan is approximately 3.75%.

Please feel free to call or email me directly if you have any questions regarding this letter or if you need any additional information. We very much look forward to working with you and SBH on the financing and completion of this Project.

Sincerely,

Stephen C. Taylor
Assistant Vice President
Fifth Third Bank – Healthcare Division
Phone: 615.687.3003
Email: stephen.taylorjr@53.com

2. Identify the funding sources for this project.

A. Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2).**

- ☐ A. Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of Intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☒ F. Other--Identify and document funding from all other sources.

RESPONSE: The funding source letter for this project is attached hereto.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: The project costs for establishing this new inpatient psychiatric facility are reasonable. The cost per square foot of construction is approximately \$153. This compares favorably with recent projects approved by the Health Services and Development Agency.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, including anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: As noted, this is a new facility, therefore, there is no historical data for it. The requested Projected Data Chart is attached hereto.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Ambulatory Surgical Treatment Center Construction Cost Per Square Foot**Years: 2010 – 2012**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$50.00/sq ft	\$200.00/sq ft	\$78.42/sq ft
Median	\$100.47/sq ft	\$252.74/sq ft	\$166.28/sq ft
3rd Quartile	\$166.28/sq ft	\$292.61/sq ft	\$244.26/sq ft

*Source: CON approved applications for years 2010 through 2012***Hospital Construction Cost Per Square Foot****Years: 2010 – 2012**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft
Median	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft
3rd Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft

*Source: CON approved applications for years 2010 through 2012***Nursing Home Construction Cost Per Square Foot****Years: 2010 – 2012**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$19.30/sq ft	\$164.57/sq ft	\$73.23/sq ft
Median	\$35.76/sq ft	\$167.31/sq ft	\$164.57/sq ft
3rd Quartile	\$55.00/sq ft	\$181.72/sq ft	\$167.61/sq ft

*Source: CON approved applications for years 2010 through 2012***Outpatient Diagnostic Center Construction Cost Per Square Foot****Years: 2010 – 2012***Due to insufficient sample size, Construction ranges are not available.*

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>1</u>	Year <u>2</u>
A. Utilization Data (Specify unit of measure) patient days	<u>8,700</u>	<u>17,100</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$13,728,600</u>	<u>\$26,983,800</u>
2. Outpatient Services	<u>426,000</u>	<u>1,040,000</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) <u>N/A</u>	<u>0</u>	<u>0</u>
Gross Operating Revenue	<u>\$14,154,600</u>	<u>\$28,023,800</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$8,521,215</u>	<u>\$16,748,595</u>
2. Provision for Charity Care	<u>686,430</u>	<u>1,349,190</u>
3. Provisions for Bad Debt	<u>162,612</u>	<u>322,656</u>
Total Deductions	<u>\$9,370,257</u>	<u>\$18,420,441</u>
NET OPERATING REVENUE	<u>\$4,784,343</u>	<u>\$9,603,359</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$3,388,492</u>	<u>\$5,628,936</u>
2. Physician's Salaries and Wages	<u>150,000</u>	<u>150,000</u>
3. Supplies	<u>405,000</u>	<u>786,600</u>
4. Taxes	<u>60,000</u>	<u>60,000</u>
5. Depreciation	<u>414,056</u>	<u>414,056</u>
6. Rent	<u>24,000</u>	<u>24,000</u>
7. Interest, other than Capital	<u>N/A</u>	<u>N/A</u>
8. Management Fees:		
a. Fees to Affiliates	<u>N/A</u>	<u>N/A</u>
b. Fees to Non-Affiliates	<u>N/A</u>	<u>N/A</u>
9. Other Expenses (Specify) <u>Utilities/ins/travel/repairs/</u> <u>advertising/purchased serv</u>	<u>843,108</u>	<u>1,057,692</u>
Total Operating Expenses	<u>\$5,284,656</u>	<u>\$8,121,284</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>N/A</u>	<u>N/A</u>
NET OPERATING INCOME (LOSS)	<u>\$<500,313></u>	<u>\$1,482,075</u>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$380,000</u>	<u>\$366,879</u>
2. Interest	<u>454,027</u>	<u>438,343</u>
Total Capital Expenditures	<u>\$834,027</u>	<u>\$805,222</u>
NET OPERATING INCOME (LOSS)	<u>\$<1,334,340></u>	<u>\$676.853</u>
LESS CAPITAL EXPENDITURES		

4390. INSTITUTIONS FOR MENTAL DISEASES

A. Statutory and Regulatory Provisions.--The statutory provisions relating to institutions for mental diseases (IMDs) include two categories of covered services and a broad payment exclusion that can preclude payment for services provided to certain individuals in both participating and non-participating facilities.

1. IMD Coverage.--The original Medicaid legislation (P.L. 89-97) included a benefit for individuals 65 years of age or older who are in hospitals or nursing facilities that are IMDs. This provision is in §1905(a)(14) of the Act and regulations relating to this benefit are in Subpart C of 42 CFR 441.

In 1972, the Medicaid program was expanded (P.L. 92-603) to include inpatient psychiatric hospital services for individuals under age 21, or, in certain circumstances, under age 22. This provision is in §1905(a)(16) of the Act. Authority for using additional settings was enacted in P.L. 101-508. This benefit is currently being provided in a wide variety of psychiatric facilities. Regulations for this benefit are in Subpart D of 42 CFR 441.

Both IMD benefits are optional, except that inpatient psychiatric services for individuals under age 21 must be provided in any State as early and periodic screening, diagnosis and treatment (EPSDT) services if they are determined to be medically necessary.

2. IMD Exclusion.--The IMD exclusion is in §1905(a) of the Act in paragraph (B) following the list of Medicaid services. This paragraph states that FFP is not available for any medical assistance under title XIX for services provided to any individual who is under age 65 and who is a patient in an IMD unless the payment is for inpatient psychiatric services for individuals under age 21. This exclusion was designed to assure that States, rather than the Federal government, continue to have principal responsibility for funding inpatient psychiatric services. Under this broad exclusion, no Medicaid payment can be made for services provided either in or outside the facility for IMD patients in this age group.

3. IMD Definition.--In 1988, P.L. 100-360 defined an institution for mental diseases as a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. This definition is in §1905(i) of the Act and in 42 CFR 435.1009. The regulations also indicate that an institution is an IMD if its overall character is that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases.

Facilities with fewer than 17 beds that specialize in treating persons with mental disorders can provide the types of services discussed in item 1 if they meet the regulatory requirements to provide these institutional benefits, but these facilities are not technically IMDs. Because IMDs are defined to be institutions with more than 16 beds, the IMD exclusion applies only to institutions with at least 17 beds.

B. Guidelines for Determining What Constitutes an Institution.--When it is necessary to determine whether an institution is an IMD, the IMD criteria listed in subsection C must be applied to the appropriate entity. In most cases, there is no difficulty in determining what entity to apply the criteria to. But in cases in which multiple components are involved, it may be necessary for the HCFA regional office (RO) to apply the following guidelines

REQUIREMENTS AND LIMITS
APPLICABLE TO SPECIFIC SERVICES

4390 (Cont.) 03-94

to identify the institution to be assessed. Components that are certified as different types of providers, such as NFs and hospitals, are considered independent from each other.

1. Are all components controlled by one owner or one governing body?
2. Is one chief medical officer responsible for the medical staff activities in all components?
3. Does one chief executive officer control all administrative activities in all components?
4. Are any of the components separately licensed?
5. Are the components so organizationally and geographically separate that it is not feasible to operate as a single entity?
6. If two or more of the components are participating under the same provider category (such as NFs), can each component meet the conditions of participation independently?

The RO may also use other guidelines that it finds relevant in a specific situation. If the answer to items 1, 2, or 3 is "no," or the answer to items 4, 5, or 6 is "yes," for example, there may be a separate facility/component. If it is determined that a component is independent, the IMD criteria in subsection C are applied to that component unless the component has 16 or fewer beds.

C. Guidelines for Determining Whether Institution Is an IMD.--HCFA uses the following guidelines to evaluate whether the overall character of a facility is that of an IMD. If any of these criteria are met, a thorough IMD assessment must be made. Other relevant factors may also be considered. For example, if a NF is being reviewed, reviewers may wish to consider whether the average age of the patients in the NF is significantly lower than that of a typical NF. A final determination of a facility's IMD status depends on whether an evaluation of the information pertaining to the facility establishes that its overall character is that of a facility established and/or maintained primarily for the care and treatment of individuals with mental diseases.

1. The facility is licensed as a psychiatric facility;
2. The facility is accredited as a psychiatric facility;
3. The facility is under the jurisdiction of the State's mental health authority. (This criterion does not apply to facilities under mental health authority that are not providing services to mentally ill persons.);
4. The facility specializes in providing psychiatric/psychological care and treatment. This may be ascertained through review of patients' records. It may also be indicated by the fact that an unusually large proportion of the staff has specialized psychiatric/psychological training or that a large proportion of the patients are receiving psychopharmacological drugs; and
5. The current need for institutionalization for more than 50 percent of all the patients in the facility results from mental diseases.

06-96

REQUIREMENTS AND LIMITS
APPLICABLE TO SPECIFIC SERVICES

4390 (Cont.)

D. Assessing Patient Population.--The review team applying the guidelines must include at least one physician or other skilled medical professional who is familiar with the care of mentally ill individuals. No team member may be employed by or have a significant financial interest in the facility under review.

In applying the 50 percent guideline (see §4390.C.2), determine whether each patient's current need for institutionalization results from a mental disease. It is not necessary to determine whether any mental health care is being provided in applying this guideline.

For purposes of determining whether a facility is subject to the IMD exclusion, the term "mental disease" includes diseases listed as mental disorders in the International Classification of Diseases, 9th Edition, modified for clinical applications (ICD-9-CM), with the exception of mental retardation, senility, and organic brain syndrome. The Diagnostic and Statistical Manual of Mental Disorders (DSM) is a subspecification of the mental disorder chapter of the ICD and may also be used to determine whether a disorder is a mental disease.

If it is not possible to make the determination solely on the basis of an individual's current diagnosis, classify the patient according to the diagnosis at the time of admission if the patient was admitted within the past year. Do not include a patient in the mentally ill category when no clear cut distinction is possible.

To classify private patients when review of their records is not possible, rely on other factors such as the surveyor's professional observation, discussion with staff of the overall character and nature of the patient's problems, and the specialty of the attending physician.

When the 50 percent guideline is being applied in a NF, the guideline is met if more than 50 percent of the NF residents require specialized services for treatment of serious mental illnesses, as defined in 42 CFR 483.102(b). Facilities providing non-intensive care for chronically ill individuals may also be IMDs. All NFs must provide mental health services which are of a lesser intensity than specialized services to all residents who need such services. Therefore, in applying the 50 percent guidelines, it is important to focus on the basis of the patient's current need for NF care, rather than the nature of the services being provided.

E. Chemical Dependency Treatment Facilities.--The ICD-9-CM system classifies alcoholism and other chemical dependency syndromes as mental disorders.

There is a continuum of care for chemical dependency. At one end of the spectrum of care, treatment follows a psychiatric model and is performed by medically trained and licensed personnel. If services are psychological in nature, the services are considered medical treatment of a mental disease. Chemically dependent patients admitted for such treatment are counted as mentally ill under the 50 percent guideline. Facilities with more than 16 beds that are providing this type of treatment to the majority of their patients are IMDs.

At the other end of the spectrum of care are facilities that are limited to services based on the Alcoholics Anonymous model, i.e., they rely on peer counseling and meetings to promote group support and encouragement, and they primarily use lay persons as counselors. Lay counseling does not constitute medical or remedial treatment. (See 42 CFR 440.2(b).) Do not count patients

REQUIREMENTS AND LIMITS
APPLICABLE TO SPECIFIC SERVICES

4390.1

06-96

admitted to a facility only for lay counseling or services based on the Alcoholics Anonymous model as mentally ill under the 50 percent guideline. If psychosocial support provided by peers or staff without specialized training is the primary care being provided in the facility, the facility is not an IMD. The major factor differentiating these facilities from other chemical dependency treatment facilities is the primary reliance on lay staff.

Federal matching funds may not be claimed for institutional services when lay/social treatment is the primary reason for the inpatient stay. Facilities may not claim Medicaid payment for providing covered medical or remedial services in a nursing facility or hospital to patients admitted for treatment of chemical dependency and simultaneously claim that they are providing only lay or social services to those same patients when the 50 percent guideline is being applied. Facilities also may not avoid having their chemically dependent patients counted as mentally ill under the 50 percent guideline by withholding appropriate treatment from those patients. Facilities failing to provide appropriate treatment to patients risk termination from the program.

In determining whether a facility has fewer than 17 beds, it is not necessary to include beds used solely to accommodate the children of the individuals who are being treated. Children in beds that are not certified or used as treatment beds are not considered to be patients in the IMD and therefore are not subject to the IMD exclusion if they receive covered services while outside the facility.

4390.1 Periods of Absence From IMDs.--42 CFR 435.1008(c) states that an individual on conditional release or convalescent leave from an IMD is not considered to be a patient in that institution. These periods of absence relate to the course of treatment of the individual's mental disorder. If a patient is sent home for a trial visit, this is convalescent leave. If a patient is released from the institution on the condition that the patient receive outpatient treatment or on other comparable conditions, the patient is on conditional release.

If an emergency or other need to obtain medical treatment arises during the course of convalescent leave or conditional release, these services may be covered under Medicaid because the individual is not considered to be an IMD patient during these periods. If a patient is temporarily transferred from an IMD for the purpose of obtaining medical treatment, however, this is not considered a conditional release, and the patient is still considered an IMD patient.

The regulations contain a separate provision for individuals under age 22 who have been receiving the inpatient psychiatric services benefit defined in 42 CFR 440.160. This category of patient is considered to remain a patient in the institution until he/she is unconditionally released or, if earlier, the date he/she reaches age 22.

§ 435.1008

would ordinarily be paid to a family of two without income or resources may use an amount based upon a reasonable relationship to such an AFDC standard for a family of two.

(e) FFP is not available in expenditures for services provided to categorically needy and medically needy beneficiaries subject to the FFP limits if their annual income, after the cash assistance income deductions and any income disregards in the State plan authorized under section 1902(r)(2) of the Act are applied, exceeds the 133% percent limitation described under paragraphs (b), (c), and (d) of this section.

(f) A State may use the less restrictive income methodologies included under its State plan as authorized under § 435.601 in determining whether a family's income exceeds the limitation described in paragraph (b) of this section.

[58 FR 4933, Jan. 19, 1993, as amended at 66 FR 2321, 2667, Jan. 11, 2001]

§ 435.1008 FFP in expenditures for medical assistance for individuals who have declared United States citizenship or nationality under section 1137(d) of the Act and with respect to whom the State has not documented citizenship and identity.

Except for individuals described in § 435.406(a)(1)(v), FFP will not be available to a State with respect to expenditures for medical assistance furnished to individuals unless the State has obtained satisfactory documentary evidence of citizenship or national status, as described in § 435.407 that complies with the requirements of section 1903(x) of the Act.

[72 FR 38694, July 13, 2007]

§ 435.1009 Institutionalized individuals.

(a) FFP is not available in expenditures for services provided to—

(1) Individuals who are inmates of public institutions as defined in § 435.1010; or

(2) Individuals under age 65 who are patients in an institution for mental diseases unless they are under age 22 and are receiving inpatient psychiatric services under § 440.160 of this subchapter.

42 CFR Ch. IV (10-1-12 Edition)

(b) The exclusion of FFP described in paragraph (a) of this section does not apply during that part of the month in which the individual is not an inmate of a public institution or a patient in an institution for tuberculosis or mental diseases.

(c) An individual on conditional release or convalescent leave from an institution for mental diseases is not considered to be a patient in that institution. However, such an individual who is under age 22 and has been receiving inpatient psychiatric services under § 440.160 of this subchapter is considered to be a patient in the institution until he is unconditionally released or, if earlier, the date he reaches age 22.

[43 FR 45204, Sept. 29, 1978, as amended at 50 FR 13199, Apr. 3, 1985; 50 FR 38811, Sept. 25, 1985. Redesignated and amended at 71 FR 39225, July 12, 2006]

§ 435.1010 Definitions relating to institutional status.

For purposes of FFP, the following definitions apply:

Active treatment in intermediate care facilities for individuals with intellectual disabilities means treatment that meets the requirements specified in the standard concerning active treatment for intermediate care facilities for persons with Intellectual Disability under § 483.440(a) of this subchapter.

Child-care institution means a non-profit private child-care institution, or a public child-care institution that accommodates no more than twenty-five children, which is licensed by the State in which it is situated, or has been approved by the agency of the State responsible for licensing or approval of institutions of this type, as meeting the standards established for licensing. The term does not include detention facilities, forestry camps, training schools or any other facility operated primarily for the detention of children who are determined to be delinquent.

In an institution refers to an individual who is admitted to live there and receive treatment or services provided there that are appropriate to his requirements.

**January 29, 2014
3:10pm**

BRIAN SANDOVAL
Governor

MICHAEL J. WILLDEN
Director

STATE OF NEVADA



RICHARD WHITLEY, MS
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH**

**4150 Technology Way, Suite 300
Carson City, Nevada 89706
Telephone: (775) 684-4200 · Fax: (775) 684-4211**

CERTIFIED MAIL #: 9171 9690 0935 0011 9214 38

January 13, 2014

**Kreg Gillman, Administrator
Montevista Hospital, Llc
5900 West Rochelle Avenue
Las Vegas NV 89103**

**ADMINISTRATION
JAN 16 REC'D
RECEIVED**

IMPORTANT NOTICE – PLEASE READ CAREFULLY

Dear Mr. Gillman:

Enclosed is a "Statement of Deficiencies and Plan of Correction" document that was generated as a result of the complaint investigation conducted in your facility on 11/15/2013.

Plan of Correction:

Please indicate in the right hand column opposite each deficiency the exact method which you will use to correct each deficiency. An acceptable Plan of Correction will include specific actions to be taken, dates for each action and the person responsible for the action. Please sign and date where indicated, retain a copy for your files and return the original to the Bureau Health Care Quality and Compliance. Your Plan of Correction must be received by the Bureau no later than 10 days after receipt of this letter.

Please submit the Plan of Correction to the following address:

**The Bureau of Health Care Quality and Compliance
4220 S. Maryland Pkwy, Suite 810
Las Vegas, NV 89119**

Application of Sanctions:

Sanctions, if imposed, will be applied according to NRS 449.163 through 449.170 and NAC 449.9982 through 449.99939. The imposition of sanctions is based on the severity and the scope of the deficiency as defined by NAC 449.99861 and NAC 449.9986.

January 29, 2014

3:10pm

Montevista Hospital
January 13, 2014
Page 2 of 2

Should you have any questions concerning this matter, please contact our office at (702) 486-6515.

Sincerely,

Dorothy Sims, RN

Dorothy Sims, RN, Health Facilities Inspector III
For Kyle Devine, MSW, Bureau Chief

Enclosures: 9 Pages Statement of Deficiencies and Plan of Correction - Health
1 Page Patient Roster
1 Page Employee Roster
2 Pages Plan of Correction Memo

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
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NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL	STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 000	<p>Initial Comments</p> <p>This Statement of Deficiencies was generated as a result of a complaint investigation conducted in your facility on 11/15/13, in accordance with Nevada Administrative Code, Chapter 449, Hospital.</p> <p>The census at the time of the survey was 76 patients.</p> <p>The sample size was five, including one active and four closed record.</p> <p>Complaint #NV00037416 - The complaint investigative process was initiated by the Bureau of Health Care Quality and Compliance on 11/15/13.</p> <p>The allegation regarding unqualified personnel was substantiated. See TAG's S226 and S339</p> <p>Complaint #NV00037404: The complaint investigative process was initiated by the Bureau of Health Care Quality and Compliance on 11/15/13.</p> <p>The allegation regarding patients were being neglected due to the facility was understaffed was not substantiated through document review, clinical record review and interviews with facility staff.</p> <p>The allegation the facility had staff shortage affecting the quality of the patients care was not substantiated through observation, document review and interviews with facility staff.</p> <p>The investigation include:</p> <p>- Review of the facility's clinical staff schedule for</p>	S 000		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650H031	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

MONTEVISTA HOSPITAL**5900 WEST ROCHELLE AVENUE
LAS VEGAS, NV 89103**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 000	<p>Continued From page 1</p> <p>the month of June, July and September and the current Staffing Plan including the staffing matrix.</p> <ul style="list-style-type: none"> - Observations of the adult psychiatric hospitalization unit. Observations verified the unit was staffed according with the facility's Staffing Plan. - Interviews were conducted with the Director of Nursing Services, Director of Human Resources, Staffing Coordinator, one nurse and one mental health technician. - Review of five medical records including the patient of concern revealed the patients were timely assessed. The review included discharge and continuing care plans, discharge safety plans, history and physicals, physician orders and medication administration record. <p>The facility had processes in place to ensure the staff was scheduled according with the facility's staffing plan.</p> <p>The allegation regarding medications were missing during the medication administration was not substantiated through clinical record review and interviews with facility staff.</p> <p>The investigation include:</p> <ul style="list-style-type: none"> - Interviews were conducted with the Director of Nursing Services, Director of Human Resources, Staffing Coordinator, one nurse and one mental health technician. - Review of five medical records including the patient of concern revealed the patients were timely assessed. The review included discharge and continuing care plans, discharge safety 	S 000		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL		STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 000	<p>Continued From page 2</p> <p>plans, history and physicals, physician orders and medication administration record.</p> <p>Complaint #NV00037479: The complaint investigative process was initiated by the Bureau of Health Care Quality and Compliance on 11/15/13.</p> <p>The allegation a patient was not timely assessed after a change of condition was not substantiated through clinical record review and interviews with facility staff.</p> <p>The investigation include:</p> <ul style="list-style-type: none"> - Review of five medical records including the patient of concern revealed the patients were timely assessed. The review included discharge and continuing care plans, discharge safety plans, history and physicals, physician orders and medication administration record. - Interviews were conducted with clinical staff including one nurse and one mental health technician. <p>The facility assessed the patients in a timely manner when a change of condition occurred.</p> <p>The findings and conclusions of any investigation by the Division of Public and Behavioral Health shall not be construed as prohibiting any criminal or civil investigations, actions or other claims for relief that may be available to any party under applicable federal, state or local laws.</p> <p>The following regulatory deficiencies were identified.</p>	S 000		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL		STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 266 S 266 SS=D	Continued From page 3 NAC 449.352 Social Services 2. Social services must be provided or supervised in accordance with chapter 641B of NRS by a professional, qualified social worker who is appropriately trained and has adequate experience to meet the social and emotional needs of the patients and their families. If the social worker does not have the educational and experiential requirements of a qualified social worker, an ongoing plan for consultation between the social worker and a qualified social worker must be developed. This Regulation is not met as evidenced by: Based on interviews and document review, the facility failed to ensure clinical social service was supervised by a qualified social worker. Findings include: Nevada Revised Statutes NRS 641B.030 for clinical social worker definition read: "... As used in this chapter, unless the context otherwise requires: ... 3. "Clinical social work " means the application of methods, principles and techniques of case work, group work, community organization, administration, planning, consultation, research and psychotherapeutic methods and techniques to persons, families and groups to help in the diagnosis and treatment of mental and emotional conditions." NRS 641B.240 for clinical social worker qualifications and practice read: "... 2. A person licensed as a clinical social worker may... (b) Supervise other persons engaging in the practice of social work". Nevada Administrative Code 449.352 read:	S 266 S 266		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

STATE FORM

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If continuation sheet 4 of 9

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
S 266	<p>Continued From page 4</p> <p>"... 4. As used in this section, "qualified social worker" means a licensed social worker who has had at least 1 year of actual work experience in a hospital setting".</p> <p>On 11/15/13 in the afternoon, review of the Director of Clinical Service's personnel record revealed the employee had a Master Degree in Social Work. The record lacked a job description signed by the employee when hired. The Director of Clinical Services was hired to fill the position on 3/19/12.</p> <p>On 11/15/13 at 1:25 PM, the Director of Human Resources (DHR) explained the Director of Clinical Service was responsible to supervise therapist and clinical social workers. The DHR indicated all staff working in the Department of Clinical Services performing assessments and social services were required to have a Master's Degree in social work or related field, or licensed as a Registered Nurse. The DHR explained some of the staff members were required to have a valid social worker license issued by the State of Nevada Board of Examiners for Social Workers. The DHR could not verify if the Director of Clinical Services was required to have a social worker license to fill the position since the job description was not in the employee's record. The DHR explained the Director of Clinical Services was revising and updating the job description.</p> <p>On 11/18/13 at 4:24 PM, the facility provided an unsigned document entitled Director of Clinical Services Job description, revised October 2013. The document read:</p> <p>"... POSITION SUMMARY</p> <p>... Monitors and evaluates social services through periodic check of psychosocial assessments performed by hospital and allied health</p>	S 266			

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

STATE FORM

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If continuation sheet 5 of 9

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL		STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 266	Continued From page 5 professional staff, monitoring the delivery of therapy by (name of the facility) and (name of a hospital) Therapist/Case Managers... QUALIFICATIONS ... Licensed Clinical Social Worker preferred... JOB RESPONSIBILITIES AND DUTIES ... 11. Works effectively and harmoniously with the therapy representatives. Supervises and coordinates activities of all therapy representatives... 13. Develops and clinically supervise all therapy staff... 14. Provides liaison with (name of a university) Scholl of Social Work in providing supervision for MSW (Master in Social Work) interns placed at (name of the facility) and (name of a hospital)." Review of the Director of Clinical Service's record lacked documented evidence of a valid social worker license issued by the State of Nevada Board of Examiners for Social Workers. The facility failed to provide the job description signed when the Director of Clinical Services was hired. Complaint #NV00037416 Severity: 2 Scope:1	S 266		
S 339 SS=D	NAC 449.363 Personnel Policies 4. The hospital shall have evidence of a current license or certification on file at the hospital for each person employed by the hospital, or under contract with the hospital, who is required to be licensed or certified by law to perform his job. This Regulation is not met as evidenced by: Based on interviews and document review, the facility failed to provide a current valid social worker license for an employee supervising staff	S 339		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

STATE FORM

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NNVL11

If continuation sheet 6 of 9

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
S 339	<p>Continued From page 6</p> <p>engaged in the practice of social work.</p> <p>Findings include:</p> <p>Nevada Revised Statutes NRS 641B.030 for clinical social worker definition read: "... As used in this chapter, unless the context otherwise requires: ... 3. " Clinical social work " means the application of methods, principles and techniques of case work, group work, community organization, administration, planning, consultation, research and psychotherapeutic methods and techniques to persons, families and groups to help in the diagnosis and treatment of mental and emotional conditions."</p> <p>NRS 641B.240 for clinical social worker qualifications and practice read: "... 2. A person licensed as a clinical social worker may... (b) Supervise other persons engaging in the practice of social work".</p> <p>Nevada Administrative Code 449.352 read: "... 4. As used in this section, "qualified social worker" means a licensed social worker who has had at least 1 year of actual work experience in a hospital setting".</p> <p>On 11/15/13 in the afternoon, review of the Director of Clinical Service's personnel record revealed the employee had a Master Degree in Social Work. The record lacked a job description signed by the employee when hired. The Director of Clinical Services was hired to fill the position on 3/19/12.</p> <p>On 11/15/13 at 1:25 PM, the Director of Human Resources (DHR) explained the Director of Clinical Service was responsible to supervise</p>	S 339			

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

STATE FORM

6800

NNVL11

If continuation sheet 7 of 9

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
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NAME OF PROVIDER OR SUPPLIER

MONTEVISTA HOSPITAL

STREET ADDRESS, CITY, STATE, ZIP CODE

**5900 WEST ROCHELLE AVENUE
LAS VEGAS, NV 89103**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 339	<p>Continued From page 7</p> <p>therapist and clinical social workers. The DHR indicated all staff working in the Department of Clinical Services performing assessments and social services were required to have a Master's Degree in social work or related field, or a licensed as a Registered Nurse. The DHR explained some of the staff members were required to have a valid social worker license issued by the State of Nevada Board of Examiners for Social Workers. The DHR could not verify if the Director of Clinical Services was required to have a social worker license to fill the position since the job description was not in the employee's record. The DHR explained the Director of Clinical Services was revising and updating the job description.</p> <p>On 11/18/13 at 4:24 PM, the facility provided an unsigned document entitled Director of Clinical Services Job description, revised October 2013. The document read: "... POSITION SUMMARY ... Monitors and evaluates social services through periodic check of psychosocial assessments performed by hospital and allied health professional staff, monitoring the delivery of therapy by (name of the facility) and (name of a hospital) Therapist/Case Managers... QUALIFICATIONS ... Licensed Clinical Social Worker preferred... JOB RESPONSIBILITIES AND DUTIES ... 11. Works effectively and harmoniously with the therapy representatives. Supervises and coordinates activities of all therapy representatives... 13. Develops and clinically supervise all therapy staff... 14. Provides liaison with (name of a university) Scholl of Social Work in providing supervision for MSW (Master in Social Work) interns placed at</p>	S 339		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

STATE FORM

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NNVL11

If continuation sheet 8 of 9

Division of Public and Behavioral Health

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: NVS650HOS1	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED C 11/15/2013
NAME OF PROVIDER OR SUPPLIER MONTEVISTA HOSPITAL		STREET ADDRESS, CITY, STATE, ZIP CODE 5900 WEST ROCHELLE AVENUE LAS VEGAS, NV 89103		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
S 339	Continued From page 8 (name of the facility) and (name of a hospital)." Review of the Director of Clinical Service's personnel record lacked documented evidence of a valid social worker license issued by the State of Nevada Board of Examiners for Social Workers. Complaint #NV00037416 Severity: 2 Scope: 1	S 339		

If deficiencies are cited, an approved plan of correction must be returned within 10 days after receipt of this statement of deficiencies.

Employee Roster**Name of the facility: Montevista Hospital, Llc****State license number: NVS650HOS1****Survey date: November 15, 2013****Type of survey: Complaint Survey****Name of Administrator: Kreg Gillman****In order to maintain confidentiality, employees have been assigned the following numerical identifiers:**

- | | | |
|-----|--|--|
| 1. | | Chief Executive Officer |
| 2. | | Director of Nursing |
| 3. | | Director of Human Resources |
| 4. | | Performance Improvement/ Risk Management |
| 5. | | Staffing Coordinator |
| 6. | | Director of Clinical Services |
| 7. | | Assessment/ referral |
| 8. | | Marriage and family therapist |
| 9. | | Assessment/referral |
| 10. | | Registered nurse |
| 11. | | Registered nurse |
| 12. | | Utilization review |
| 13. | | Social Service clinical representative |
| 14. | | Registered Nurse Assessment/referral |
| 15. | | Registered nurse/ assessment specialist |
| 16. | | Licensed clinicia social worker |
| 17. | | Mental Health technician |
| 18. | | Registered Nurse |

Patient Roster

Name of the facility: Montevista Hospital, Llc

State license number: NVS650HOS1

Survey date: November 15, 2013

Type of survey: Complaint Survey

Name of Administrator: Kreg Gillman

In order to maintain confidentiality, residents/patients have been assigned the following numerical identifiers:

- 1.
- 2.
- 3.
- 4.
- 5.



January 29, 2014

3:10pm

Memorandum

TO: All Medical Facilities

FROM: Bureau of Healthcare Quality and Compliance

RE: Plan of Correction (POC) Checklist

The Code of Federal Regulations (42 CFR 488.28) and Nevada Administrative Codes (NAC 449.9987) require that an acceptable Plan of Correction (POC) be submitted to the Bureau within 10 days of the receipt of a Statement of Deficiencies (SOD).

This checklist has been provided to help your staff develop an acceptable POC. Each deficiency should be reviewed using these guidelines.

1. The POC must include the following:

- a) How the corrective action will be accomplished for those found to have been affected by the deficient practice (indicate specifically how the deficient practice cited in the SOD for each resident cited will be corrected);
- b) How the facility will identify others having the potential to be affected by the same deficient practice;
- c) What measures will be put into place or systematic changes made to ensure that the deficient practice will not recur (examples include, in service training, off-site training, information sharing with other facilities, use of consultants, interdisciplinary/multi-level quality improvement teams, resident council input, Ombudsman input, physical environment/equipment enhancements, expansion of staff numbers/qualifications, staff termination, changes in policies and procedures);
- d) How the facility will monitor its corrective actions to ensure that the deficient practice is being corrected and will not recur, i.e., what program will be put into place to monitor the continued effectiveness of the systematic changes (examples include, oversight by DON or other management personnel, customer surveys, resident council feedback, Ombudsman feedback, interviews with residents/families);
- e) The responsible party for the accomplishing and/or monitoring compliance with the corrective action. If the corrective action involves more than one person, the party who maintains ultimate responsibility; and
- f) The anticipated date of correction must include the month, day, and year. This date must not exceed 60 days from date of survey. Responses such as "immediately" and "on-going" are unacceptable.

2. The statement must be signed and dated.

3. The POC must be written on the original Statement of Deficiencies/Plan of Corrections document. The original document with the POC must be returned to the Bureau. You CANNOT scan the original document and submit the scanned version to the Bureau. You may typewrite or handwrite the POC onto the original document. If you prefer to use a computer you may write the POC in the computer, but then you must print it, cut and paste your POC on to the original document and submit the original document to the Bureau.

4. If new policies or forms, etc. are developed or in servicing is used as part of the POC, the facility may submit the policy, form, etc. or in service course curriculum to the Bureau.

5. If attachments are included, they must be clearly identified with reference to the appropriate tag. For example, Attachment #1, F360 or Exhibit C, Tag 461. All attachments must be placed in a separate section following the POC. Do not incorporate attachments within the POC.

6. Resident/Patient names must not be included in the POC or in any attachments. Resident names must be removed from all documentation submitted with the POC and replaced with the resident identifier referenced in the resident roster with the SOD.

7. See attached examples.

Bureau of Health Care Quality and Compliance

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: XXXXX	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 00/00/2011
NAME OF PROVIDER OR SUPPLIER XYZ Facility			STREET ADDRESS, CITY, STATE, ZIP CODE 123123 COURT Somewhere, NV XXXXX		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 281 SS=B	<p>483.20(k)(3)(i) SERVICES PROVIDED MEET PROFESSIONAL STANDARDS</p> <p>The services provided or arranged by the facility must meet professional standards of quality.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation and interview, it was determined the facility failed to provide services that meet professional standards of quality in one (1) case.</p> <p>Findings include:</p> <p>On 3/11/11, at 8:55 AM, a medication pass was attempted with the registered nurse (RN). The RN was responsible for the administration of intravenous medications. The RN locked and left her medication cart and proceeded to the licensed practical nurse's (LPN) medication cart which was 2 doors away. She appeared to check a piece of paper and returned to her medication cart. When questioned by the surveyor as to the whereabouts of the medication administration record (MAR), the RN indicated the MAR was located on the LPN's medication cart.</p> <p>The RN was preparing to administer medication without checking the medication against the MAR.</p>	F 281	<p>Tag 281 <i>What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice:</i> The residents had been discharged at the time the results were obtained and it was not possible to address those particular residents.</p> <p><i>How will you identify other residents having the potential to be affected by the same practice and what anticipated corrective action will be taken:</i> All residents have the potential to be affected by the practice. The Unit Manager will review policies/procedures on Medication Administration, on April 9, 2011, with all nurses responsible for medication administration.</p> <p><i>What measures will be put into place or what systemic changes will you make to ensure that the deficient practice does not recur:</i> In addition to the above inservice, the facility plans to utilize two medication carts with designated rooms which will house all medicines (IV, oral, topical, etc.) the resident receives. The Medication Administration Record associated with the resident will remain on the cart so that the medications can be checked in close proximity.</p> <p><i>How will the facility monitor its corrective actions to ensure that the deficient practice is being corrected and will not recur:</i> The pharmacist will perform medication passes on a monthly basis to assure compliance in checking medication against the Medication Administration Record.</p> <p><i>Individual responsible:</i> Unit Manager</p> <p><i>Date of Completion:</i> 5/28/11</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

S 266

What corrective action(s) will be accomplished for those patients that have been affected by this deficiency?

The patients are not directly affected by this deficient practice. The current Director of Clinical Services will be reassigned to a position which does not supervise licensed social workers/therapists. He will begin the process of licensure in the State of Nevada.

How will you identify other patients having the potential to be affected by the same practice and what anticipated corrective action will be taken:

All of the patients may have the potential to be affected by the deficient practice. The Executive Vice President of Strategic Behavioral Health reviewed Nevada Revised Statutes NRS 641B.030 and NRS 641B.240 with the current Director of Clinical Services. In addition to the above aforementioned revised statutes from the Nevada Administrative Code 449.352

was reviewed with the Director of Clinical Services.

What measures will be put in place or what systematic changes will you make to ensure that the deficient practice does not recur:

In addition to the review of the current regulation, the facility plans to re-assign the current Director of Clinical Services to the Director of Therapeutic Services.

See attachment #1.

Our current Medical Director will assume the Directorship of Clinical Services and will oversee all clinical programs to assume the continuity and integrity of all clinical services provided to patients.

See attachment #2.

Our current lead Social Worker, who is in good standing with the State of Nevada Licensing Board, will assume the responsibility of supervising the day to day Social Work (Therapy) services in the hospital.

See attachment #3.

How will the facility monitor its corrective action(s) to ensure that the deficient practice is being corrected and will not recur:

The Human Resources Department will continue to utilize the HRB Software to track licenses and certification on a monthly basis and send the reports to managers each month.

Individual(s) Responsible:

Medical Director

Director of Human Resources

Completion: 1/24/14

S 339

What corrective action(s) will be accomplished for those patients that have been affected by this deficiency?

The patients are not directly affected by this deficient practice. The current Director of Clinical Services will be reassigned to a non-supervisory position.

How will you identify other patients having the potential to be affected by the same practice and what anticipated corrective action will be taken:

All of the patients may have the potential to be affected by the deficient practice. The Executive Vice President of Strategic Behavioral Health reviewed Nevada Revised Statutes NRS 641B.030 and NRS 641B.240 with the current Director of Clinical Services. In addition to the above aforementioned revised statutes from the Nevada Administrative Code 449.352 was reviewed with the Director of Clinical Services.

What measures will be put in place or what systematic changes will you make to ensure that the deficient practice does not recur:

In addition to the review of the current regulation, the facility plans to re-assign the current Director of Clinical Services to the Director of Therapeutic Services.

See attachment #1.

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How will the facility monitor its corrective action(s) to ensure that the deficient practice is being corrected and will not recur:

The Human Resources Department will continue to utilize the HRB Software to track licenses and certification on a monthly basis and send the reports to managers each month.

Individual(s) Responsible:

Medical Director

SUPPLEMENTAL- # 1

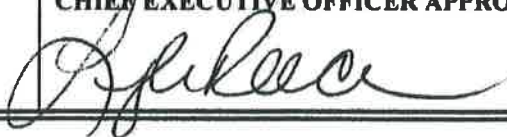
January 29, 2014

3:10pm

Director of Human Resources

Completion: 1/24/14

MONTEVISTA HOSPITAL JOB DESCRIPTION

Position Title: <i>Lead Social Worker</i>	Department: <i>Social Services</i>	Reports To: <i>Clinical Director</i>	Date Revised: <i>January 24, 2014</i>
		CHIEF EXECUTIVE OFFICER APPROVAL: 	

POSITION SUMMARY

Performs and supervises the day-to-day social work services in the hospital.

QUALIFICATIONS

Education: Master's degree in social work.

Experience: At least one year experience in an acute inpatient setting preferred.

Licensure: Current NV license as an LCSW or hospital approved CSW Internship.

Additional Requirements: CPR certification and successful completion of the hospital's designated physical and behavioral management training program (CPI). Possess knowledge of clinical issues related to treatment, case management and discharge planning. Ability to work effectively as a team player. Excellent oral and written communications skills.

POSITIONS SUPERVISED

Licensed Therapists

LOCATION OF JOB MATERIALS & EQUIPMENT USED

- Located on Units.
- Materials: Required forms for documentation, routine office supplies, resource directories and referral information.
- Equipment: Telephone, copy machine, fax machine.

HAZARDOUS MATERIALS

May be exposed to communicable diseases/blood borne pathogens.

PRIMARY RESPONSIBILITIES

Specific Daily Tasks

1. Continue with current social work responsibilities including: psychosocial assessment, case management, discharge planning, scribing for treatment team meetings, providing individual, family and/or group therapy for adult patients.
2. Monitor the "log-in" of newly admitted patients for the purpose of completing the psychosocial assessment.
3. Ensure the psychosocial assessment of and treatment plan for all patients is completed within the prescribed timeframe.
4. Keep an eye on the execution of doctors orders for family meetings to make certain meetings are conducted within the prescribed timeframe and if not, that the social worker has documented the reason in the patients chart.
5. Check with the Unit Nurse Manager and/or the Unit Charge Nurse to ascertain information discussed in the morning report that requires social work services.
6. Serve as the "go to person" for nurses and doctors who have general questions about social services or are uncertain about which social worker is attending to a specific patient's social service needs.

Specific Monthly Task

1. Attend Staff Services meetings – 8:00 am, second Wednesday of the month.
2. Conduct monthly chart audits to ensure compliance and to be reported in monthly quality meetings.

Specific as Needed Tasks

1. Provide basic consultation for social workers, doctors and nurses who are planning for the most effective and timely course of action for patient case management and discharge planning.
2. Inform the Unit Manager about any issues, concerns and/or complaints about psychosocial assessment and documentation, therapy sessions, treatment plans, case management, discharge planning and recommendations, etc. for the purpose of creating a plan of action.
Note: If the need to "inform" is urgent and the Unit Manager is not available, inform the Director of Clinical Services and subsequently inform the Unit Manager.
3. Other duties as assigned.
4. Document employee counselings. (A counseling form that has been signed by the employee should be filed in the employee's Personnel file).
5. Perform employee quarterly and annual reviews in a timely manner.
6. Ensure the compliance of all supervised staff with regards to current licensure, certifications, employee health requirements and hospital in-services.

KNOWLEDGE, SKILLS, AND ABILITIES

THIS SECTION DESCRIBES WHAT KNOWLEDGE, SKILLS, AND ABILITIES AN EMPLOYEE IN THIS POSITION SHOULD CURRENTLY POSSESS. THIS LIST MAY NOT BE COMPLETE FOR ALL KNOWLEDGE, SKILLS, AND ABILITIES REQUIRED FOR THIS POSITION.

1. Ability to accept direction.
2. Ability to adhere to safety policies and procedures.
3. Ability to communicate effectively with patients and co-workers.
4. Ability to delegate tasks and assignments appropriately.
5. Ability to demonstrate tact, resourcefulness, patience, and dedication.
6. Ability to effectively communicate and compile data relating to patient care.
7. Ability to react calmly and effectively in emergency situations.
8. Ability to use good judgment and to maintain confidentiality of information.
9. Ability to work in a fast-paced environment.
10. Effective oral and written communication skills.
11. Knowledge of all code procedures.
12. Knowledge of Mental Health Laws and Child and Elder Abuse/Neglect/Maltreatment laws.
13. Knowledge of the specific needs of the various patient age groups (adolescent, adult and geriatric).
14. Skill in organizing and prioritizing workloads to meet deadlines.
15. Skill in telephone etiquette and paging procedures.

PHYSICAL, MENTAL, AND SPECIAL DEMANDS

THIS SECTION DESCRIBES HOW AN EMPLOYEE IN THIS POSITION CURRENTLY PERFORMS THE FUNCTIONS OF THIS POSITION. MODIFICATIONS TO THE MANNER IN WHICH THIS JOB MAY BE PERFORMED, WILL BE REVIEWED ON A CASE-BY-CASE BASIS.

1. Ability to sit, stand and walk for various amounts of time throughout the shift.
2. Ability to reach above, at or below waist height, kneel, bend, stoop, turn, twist, and throw (occasionally to frequently).
3. Ability to see well enough to read charts, treatment plans and typewritten materials.
4. Ability to hear well enough to detect noises on the unit and have the ability to discern odors.
5. Ability to frequently lift and carry 10 lbs.; occasionally 20-50 lbs.
6. Ability to frequently push/pull wheeled carts from 100-200 lbs.
7. Ability to manipulate small and large tools (electric thermometer, telephone, wheelchair, blood pressure cuffs, walkers, paper punch, addressograph, restraints, staplers, EKG machine, copy machine, etc.).
8. Ability to spend 95% of the work day indoors in temperatures varying from 60°-90° F., where noise levels range from low to high and the ability to spend 5% of the work day outside in temperatures varying from 30°-110° F.
9. Ability to frequently handle hazardous and/or infectious waste safely.
10. Ability to work in an environment where chemicals are frequently used for cleaning, where mechanical and electrical hazards may occasionally be present and where dust, mist, steam and chemical odors are frequently generated by housekeeping tasks.
11. Ability to work at a rapid pace and perform a variety of repetitive duties.
12. Ability to respond to exposure to blood and body fluids

Job Description
Lead Social Worker

SUPPLEMENTAL- # 1

January 29, 2014
3:10pm

MACHINES, TOOLS, EQUIPMENT, AND OTHER WORK AIDES:

THIS SECTION DESCRIBES THOSE MACHINES, TOOLS, EQUIPMENT, AND OTHER WORK AIDES AN EMPLOYEE IN THIS POSITION MUST BE ABLE TO USE.

1. Policies, procedures, plans, programs, and manuals.
2. Copy machine and fax machine.
3. Computer.
4. Telephone and paging systems.

EMPLOYEE ACKNOWLEDGMENT:

I have received a copy of the position description and have read and understand the contents.

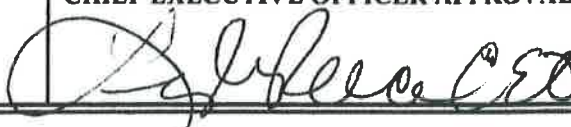
 LCSW

Employee Signature

1/24/14

Date

January 29, 2014
3:10pm**MONTEVISTA HOSPITAL****JOB DESCRIPTION/EVALUATION**

Position Title: <i>Director of Clinical Services</i>	Department: <i>Clinical Services</i>	Reports To: <i>CEO</i>	Date Revised: <i>January 24, 2014</i>
		CHIEF EXECUTIVE OFFICER APPROVAL: 	

FLSA STATUS: Exempt

PART I**I. JOB SUMMARY**

The Director of Clinical Services is a member of the hospital management team, and participates in planning, policy development and priority setting of the institution. Responsible for the planning, implementation and evaluation of clinical care systems. Ensures that clinical policies are consistent with the overall goals of the institution, standards and laws which apply to clinical practice of the state of Nevada. Oversees all clinical programs to assure continuity and integrity of all clinical services provided to patients. Supports and demonstrates the mission, vision, and values of the hospital.

II. QUALIFICATIONS

- B. Master's Degree/PHD/MD and five years of clinical management experience.
- C. Three years of progressive management in psychiatric/mental health delivery systems.
- D. Current Nevada license in good standing.
- E. Demonstrated competency in management, effective communication, and delivery of psychiatric/mental health treatment.
- G. Demonstrated competency in all age categories of patients.

III. LOCATION OF JOB, MATERIALS & EQUIPMENT USED

- A. Location: Clinical Service Department and program units.
- B. Equipment Used: computer, telephone, calculator, copier and fax.

IV. POSITIONS SUPERVISED

- A. None

V. HAZARDOUS MATERIALS

May be exposed to blood-borne pathogens.

JOB DESCRIPTION/EVALUATION
JOB TITLE: Director of Clinical Services
page 2

PART II

PHYSICAL DEMANDS ANALYSIS WORK SHEET

A. Indicate number of times per day the listed activity is performed.							
LIFTING		CARRYING		PUSHING		REACHING	
5	1-5 lbs.	5	1-5 lbs.		< 100 lbs.	10	R Below
	6-10 lbs.		6-10 lbs.		> 100 lbs.	10	L Below
	11-25 lbs.		11-25 lbs.				
	26-50 lbs.		26-50 lbs.			5	R Above
	51-100 lbs.		51-100 lbs.			5	L Above
	100 lbs. +		100 lbs. +				

B. Indicate % of day each activity is performed. (Total should equal 100%)			
30%	Sitting	100%	Of Day Spent Inside
15%	Standing		Of Day Spent Outside
50%	Walking	100%	Total
	Climbing legs only (Stairs)	80%	Of Day Working With Others
	Climbing legs and arms (ladders)	5%	Of Day Working Around Others
5%	Stooping	15%	Of Day Working Alone
	Kneeling	100%	Total
	Other (Specify _____)		
100%	Total		

C. Occupational Requirements – Indicate Y (yes) or N (no) for each							
Y	Vision - Far	Y	Hearing	Y	R Finger	Y	Depth Perception
Y	Vision - Near	Y	Talking	Y	L Dexterity		
	Other (Specify _____)						

D. Psychological Requirements		E. Other Requirements of Job – Indicate Y (yes) or N (no) for each.	
H	Mental Alertness (High, Medium, Low)	Y	Irregular Hours
H	Stress/Pressure (High, Medium, Low)	Y	Variable Type of Work

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Clinical Services
 page 3

F. Is the operation of special equipment required? (such as fork lift, cutting machinery, hand tools, etc.) If so, please specify the equipment/machinery and indicate the % of day operated.	
EQUIPMENT / MACHINERY	% OF DAY OPERATED
Computer	15%
Telephone	10%
Copier	5%
Calculator	5%
Fax	2%

Are there any other significant mental or physical demands required in the performance of the job? If so, please explain.

JOB DESCRIPTION/EVALUATION
JOB TITLE: Director of Clinical Services
page 4

PART III**JOB DESCRIPTION/EVALUATION****RATING SYSTEM:**

- 6 - Excellent
- 5 - Consistently Meets
- 4 - Meets Very Well
- 3 - Meets Standards
- 2 - Needs Improvement
- 1 - Unacceptable

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
	10		1. Oversees development and implementation of departmental goals, plans, performance improvement plan, reports, and other documentation which is consistent with the mission, goals and policies of the institution. Participates in all hospital clinical areas as senior clinician. Interfaces with Administration, Board of Trustees, Medical Director, Therapeutic Services Directors, medical and allied health staff, and department heads Comments:
	7		2. Oversees the development of policies and procedures which govern clinical care systems. Oversees performance improvement patient care delivery system. Collaborates with other administration department directors and physicians. Comments
	10		3. Oversees the development of policies and procedures which govern clinical care systems. Oversees performance improvement patient care delivery system. Collaborates with other administration department directors and physicians. Comments:
	8		4. Actively evaluates and pursues integration of clinical services with other services/departments within the hospital. Comments:

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
	8		5. Actively evaluates and pursues integration of clinical services with other services/departments within the hospital. Ensures competency for all clinical service personnel. Comments:
	7		6. Actively participates in all management and clinical meetings as assigned. Demonstrates an active role in assessment, planning, implementation, and evaluation of hospital wide programs as appropriate. Comments:
	5		7. Demonstrates professional competence and communicates information with colleagues, staff and community. Provides in-service education to outside referral sources as requested. Demonstrates competency with all age categories of patients. Comments:
	10		8. Informs proper hospital personnel on status and changes in clinical practice as it affects the delivery in this setting. Comments:
	5		9. Actively participates in hospital committees, such as Performance Improvement, Board of Trustees, Environment of Care, Medical Executive Committee, Credentials, Pharmacy and Therapeutics, Infection Control, Medical Records/UR. Comments:

SUPPLEMENTAL- # 1**January 29, 2014****3:10pm**

JOB DESCRIPTION/EVALUATION
JOB TITLE: Director of Clinical Services
page 6

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
No Score	No Score	No Score	
Total Weighted Score			To achieve total weighted score, multiply each individual rate by the weight.

Total weighted score _____ divided by 8.57 equals _____.

JOB DESCRIPTION/EVALUATION
JOB TITLE: Director of Clinical Services
page 7

PART IV

**PERFORMANCE EVALUATION
FOR MANAGEMENT**

A. Attendance: (consecutive sick days = 1 incident) 0-3 sick day incidents within last year - 5 points 4-6 sick day incidents within last year - 3 points 7 or more sick day incidents within last year - 0 points Comments:		POINTS
B. Dependability:: Projects completed on schedule 90 – 100% of the time - 6 points Projects completed on schedule 75 – 89% of the time - 3 points Projects completed on schedule less than 75% of the time - 0 points Comments:		POINTS
C. Professional Behavior Employee displays behavior at least 95% of time - 3.0 points Employee displays behavior at least 75% of time - 1.5 points Employee displays behavior less than 75% of time - .5 points Comments:		POINTS XXX
	POINTS	
1. Presents positive role model for staff/patients.		
2. Exhibits positive/professional attitude.		
3. Communicates positively/effectively with patients, co-workers, physicians, Administration, health professionals, etc.		
4. Utilizes appropriate methods to cope with stressful situation.		
5. Accepts constructive criticism and integrates suggestions in effective ways.		
Total points for C		
D. Other Employee performs at least 95% of time - 1.0 points Employee performs at least 75% of time - .75 points Employee performs less than 75% of time - .0 points Comments:		POINTS XXX
	POINTS	
1. Strives for professional growth through education, assumption of new and additional responsibilities.		
2. Shows initiative by performing jobs beyond regularly assigned duties.		
3. Maintains safe working environment and reports any unsafe conditions to appropriate parties.		
4. Strives for professional growth through education, assumption of new and additional responsibilities		
5. Determines equipment and supplies as needed.		
6. Maintains safe working environment and reports any unsafe conditions to appropriate parties.		
7. Abides by Montevista Hospital policies.		
Total points for section D		
E. Attends all mandatory inservices 100% of the time. - 3 points Attends all mandatory inservices less than 100% - .0 points Comments:		POINTS
TOTAL POINTS FOR ALL SECTIONS ABOVE: (Sections A through E)		

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Clinical Services
 page 8

Document any counseling within review period. (A counseling form that has been signed by the employee, should be filed in the employee's Personnel file).

A. Evaluation of educational/in-service activities for employee's staff development accomplished in this evaluation period.

B. Planned educational/in-service activities for individual staff development in upcoming evaluation period.

C. Goals

93 - 100 points = Excellent 86 - 92 points = Consistently Meets Standards 78 - 85 points = Meets Standards Very Well 70 - 77 points = Meets Standards 0 - 69 points = Performance Below Standards (re-evaluation may be required)	Total appraisal points from Part III: _____ Total appraisal points from Part IV: _____ TOTAL APPRAISAL POINTS: _____
---	---

EMPLOYEE COMMENTS:

By my signature, I certify only to the fact that this evaluation has been discussed with me and does not necessarily constitute agreement with the content of this evaluation.

Employee _____

Date _____

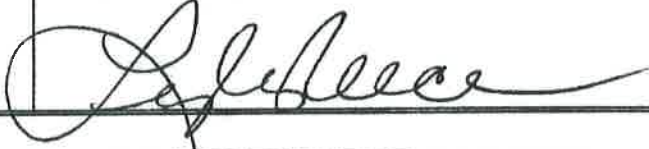
Evaluator _____

Date _____

Human Resources _____

Date _____

MONTEVISTA HOSPITAL

POSITION TITLE: <i>Director of Therapeutic Services</i>	DEPARTMENT: <i>Clinical Services</i>	REPORTS TO: <i>CEO</i>	DATE WRITTEN: <i>1/24/14</i>	REVISED:
CHIEF EXECUTIVE OFFICER APPROVAL: 				

JOB DESCRIPTION/EVALUATION

PART I

I. JOB SUMMARY

The Director of Therapy Services leads the staff through provision of direction and training support. Acts as a department head and member of the hospital leadership team. Coordinates all therapy activities and communications. Serves as a teacher/trainer for caregiver staff regarding therapy issues. Develops the clinical program for both inpatient and outpatient. Compiles all departmental reports and statistics.

II. QUALIFICATIONS

Master's and/or doctorate degree is required.
3 years experience required
2 years leadership/program development experience required

III. LOCATION OF JOB, MATERIALS & EQUIPMENT USED

- A. Location: Clinical Service Department and program units.
- B. Equipment Used: computer, telephone, calculator, copier and fax.

IV. POSITIONS SUPERVISED

- A. Recreation Therapy Supervisor
- B. Education

V. HAZARDOUS MATERIALS

May be exposed to blood-borne pathogens.

PART II

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Therapeutic Services
 page 2

PHYSICAL DEMANDS ANALYSIS WORK SHEET

A. Indicate number of times per day the listed activity is performed.							
LIFTING		CARRYING		PUSHING		REACHING	
5	1-5 lbs.	5	1-5 lbs.		< 100 lbs.	10	R Below
	6-10 lbs.		6-10 lbs.		> 100 lbs.	10	L Below
	11-25 lbs.		11-25 lbs.				
	26-50 lbs.		26-50 lbs.			5	R Above
	51-100 lbs.		51-100 lbs.			5	L Above
	100 lbs. +		100 lbs. +				

B. Indicate % of day each activity is performed. (Total should equal 100%)			
30%	Sitting	100%	Of Day Spent Inside
15%	Standing		Of Day Spent Outside
50%	Walking	100%	Total
	Climbing legs only (Stairs)	80%	Of Day Working With Others
	Climbing legs and arms (ladders)	5%	Of Day Working Around Others
5%	Stooping	15%	Of Day Working Alone
	Kneeling	100%	Total
	Other (Specify _____)		
100%	Total		

C. Occupational Requirements – Indicate Y (yes) or N (no) for each							
Y	Vision - Far	Y	Hearing	Y	R Finger	Y	Depth Perception
Y	Vision - Near	Y	Talking	Y	L Dexterity		
	Other (Specify _____)						

D. Psychological Requirements		E. Other Requirements of Job – Indicate Y (yes) or N (no) for each.	
H	Mental Alertness (High, Medium, Low)	Y	Irregular Hours
H	Stress/Pressure (High, Medium, Low)	Y	Variable Type of Work

Are there any other significant mental or physical demands required in the performance of the job? If so, please explain.

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Therapeutic Services
 page 4

PART III

JOB DESCRIPTION/EVALUATION

RATING SYSTEM:

- 6 - Excellent
- 5 - Consistently Meets
- 4 - Meets Very Well
- 3 - Meets Standards
- 2 - Needs Improvement
- 1 - Unacceptable

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
	10		1. Demonstrates responsibility for development and implementation of departmental goals, plans, performance improvement plan, reports, and other documentation which is consistent with the mission, goals and policies of the institution. Interfaces with Administration, Board of Trustees, Medical Director, Clinical Services Directors, medical and allied health staff, and department heads. Ensures that all clinical programs are operating at maximum effectiveness and efficiency. Operating budgets and other comparative data are used to assess effectiveness and efficiency. Comments:
	10		3. Develops policies and procedures which govern clinical care systems. Implements and assesses performance improvement patient care delivery system. Collaborates with other administration department directors and physicians. Comments:
	8		4. Acts as patient advocate. Evaluates and intervenes in unusual or complex situations involving patients, families, visitors, employees or other departments including those problems having medical/legal implications. Implements plan to resolve situation. Comments:

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Therapeutic Services
 page 5

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
	7		6. Assists in developing staffing patterns, plans FTE revisions, and variances in collaboration with Administrator, Supervisors and Program Directors. Comments:
	5		7. Develops, monitors and explains variances in Clinical Services annual operating budget, annual capital equipment budget, and long range capital expenditures budget. Comments:
	10		8. Actively participates in all management and clinical meetings as assigned. Demonstrates an active role in assessment, planning, implementation, and evaluation of hospital wide programs as appropriate. Comments:
	5		9. Demonstrates professional competence and communicates information with colleagues, staff and community. Provides inservice education to outside referral sources as requested. Demonstrates competency with all age categories of patients. Comments:
	5		10. Establishes standards of care that are specific to all departments. Ensure standards are written and communicated effectively throughout the hospital. Comments:

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Therapeutic Services
 page 6

RATE	WEIGHT	TOTAL (R x W)	JOB RESPONSIBILITIES/DUTIES
	5		11. Informs proper hospital personnel on status and changes in clinical practice as it affects the delivery in this setting. Comments:
	10		12. Actively participates in hospital committees, such as Performance Improvement, Board of Trustees, Environment of Care, Medical Executive Committee, Credentials, Pharmacy and Therapeutics, Infection Control, Medical Records/UR. Provides reports to each committee as required. Comments:
	10		13. Provides hospital liaison to licensing and accreditation representatives when requested. Comments:
No Score	No Score	No Score	15. Performs other duties as assigned.
Total Weighted Score			To achieve total weighted score, multiply each individual rate by the weight.

Total weighted score _____ divided by 8.57 equals _____.

JOB DESCRIPTION/EVALUATION
JOB TITLE: Director of Therapeutic Services
page 7

PART IV

**PERFORMANCE EVALUATION
FOR MANAGEMENT**

A. Attendance: (consecutive sick days = 1 incident) 0-3 sick day incidents within last year - 6 points 4-6- sick day incidents within last year - 3 points 7 or more sick day incidents within last year - 0 points Comments:		POINTS
B. Dependability:: Projects completed on schedule 90 – 100% of the time - 6 points Projects completed on schedule 75 – 89% of the time - 3 points Projects completed on schedule less than 75% of the time - 0 points Comments:		POINTS
C. Professional Behavior Employee displays behavior at least 95% of time - 3.0 points Employee displays behavior at least 75% of time - 1.5 points Employee displays behavior less than 75% of time - .5 points Comments:		POINTS XXX
	POINTS	
1. Presents positive role model for staff/patients.		
2. Exhibits positive/professional attitude.		
3. Communicates positively/effectively with patients, co-workers, physicians, Administration, health professionals, etc.		
4. Utilizes appropriate methods to cope with stressful situation.		
5. Accepts constructive criticism and integrates suggestions in effective ways.		
Total points for C		
D. Other Employee performs at least 95% of time - 1.0 points Employee performs at least 75% of time - .75 points Employee performs less than 75% of time - .0 points Comments:		POINTS XXX
	POINTS	
1. Strives for professional growth through education, assumption of new and additional responsibilities.		
2. Shows initiative by performing jobs beyond regularly assigned duties.		
3. Maintains safe working environment and reports any unsafe conditions to appropriate parties.		
4. Strives for professional growth through education, assumption of new and additional responsibilities		
5. Determines equipment and supplies as needed.		
6. Maintains safe working environment and reports any unsafe conditions to appropriate parties.		
7. Abides by Montevista Hospital policies.		
Total points for section D		
E. Attends all mandatory inservices 100% of the time. - 3 points Attends all mandatory inservices less than 100% - .0 points Comments:		POINTS
TOTAL POINTS FOR ALL SECTIONS ABOVE: (Sections A through E)		

JOB DESCRIPTION/EVALUATION
 JOB TITLE: Director of Therapeutic Services
 page 8

Document any counseling within review period. (A counseling form that has been signed by the employee, should be filed in the employee's Personnel file).

A. Evaluation of educational/in-service activities for employee's staff development accomplished in this evaluation period.

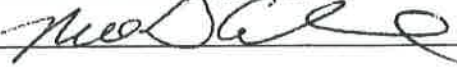
B. Planned educational/in-service activities for individual staff development in upcoming evaluation period.

C. Goals

93 - 100 points = Excellent	Total appraisal points from Part III: _____
86 - 92 points = Consistently Meets Standards	Total appraisal points from Part IV: _____
78 - 85 points = Meets Standards Very Well	TOTAL APPRAISAL POINTS: _____
70 - 77 points = Meets Standards	
0 - 69 points = Performance Below Standards (re-evaluation may be required)	

EMPLOYEE COMMENTS:

By my signature, I certify only to the fact that this evaluation has been discussed with me and does not necessarily constitute agreement with the content of this evaluation.

Employee  Date 1/24/14
 Evaluator _____ Date _____
 Human Resources _____ Date _____

KINGSPORT TIMES-NEWS

PUBLICATION CERTIFICATE

Kingsport, TN 12/10/13

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of December 10, 2013 and appearing 1 consecutive weeks/times, as per order of

Baker, Donelson, Bearman

Signed Sheryl Edwards

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1801 et seq, and the Rules of the Health Services and Development Agency, that:

SBH-Kingsport, LLC (Name of Applicant) (Facility Type-Existing) intends to file an application for a Certificate of Need for establishment of a new inpatient psychiatric hospital in Kingsport, Sullivan County, Tennessee 37660. This project will be located on unaddressed property at the end of Executive Park Boulevard in Kingsport, Tennessee. This property extends south and west of Executive Park Boulevard and is south of the intersection of Executive Park Boulevard and East Stone Drive in Kingsport, Tennessee. This project will involve the initiation of inpatient psychiatric hospital services. This new psychiatric hospital will have 18 adult beds, 16 geropsychiatric beds, 28 child and adolescent beds and 10 chemical dependency beds. These 72 beds will all be new beds licensed as psychiatric hospital beds. The estimated project costs for this project are projected to be approximately \$12,000,000.00.

The anticipated date of filing the application is: December 13, 2013

The contact person for this project is Mike Garone (Contact Name) Director of Development (Title) who may be reached at: Strategic Behavioral Health, LLC (Company Name) 8296 Tournament Drive, Suite 201 (Address) Memphis (City) Tennessee (State) 38125 (Zip Code) 901/869-3100 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1807(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB12/10/13

STATE OF TENNESSEE, SULLIVAN COUNTY, TO WIT:

Personally appeared before me this 10th day of December, 2013, Sheryl Edwards

of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.



Janice J. Reuser
Notary Public

My commission expires 3-2-2016

BUILD YEAR OPERATING COSTS:

Salaries
Benefits
Professional Fees
Advertising
Purchased Services
Recruitment
Food & Supplies
Travel
Repairs
Rental Expense
Insurance
Utilities
Bad Debt Expense
Property Taxes
Other Expenses

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF ShelbyNAME OF FACILITY: SBH - KINGSFORT, LLC

I, MICHAEL GARONE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Michael Garone
DIRECTOR OF DEVELOPMENT
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28th day of January, 2014,
witness my hand at office in the County of Shelby, State of Tennessee.

Renée E. Klein
NOTARY PUBLIC

My commission expires Oct. 19, 2016.

HF-0043

Revised 7/02

MY COMMISSION EXPIRES:
October 9, 2016

ORIGINAL- SUPPLEMENTAL-2

SBH- Kingsport, LLC

CN1312-050

January 31, 2014

11:35:am

January 31, 2014

Mr. Phillip M. Earhart
Health Planner III
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Via Hand Delivery

Re: Certificate of Need Application CN1312-050
SBH-Kingsport, LLC

Dear Mr. Earhart:

Set forth below are the responses of SBH-Kingsport, LLC, the applicant in Certificate of Need Application CN1312-050 to the request for information dated January 30, 2014. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses.

1. Section B, Project Description, Item II.A

Please clarify the reason each psychiatric unit will not have their own dedicated seclusion room and bathroom. Does this arrangement meet best practice guidelines in life/safety?

RESPONSE: The applicants President, a seasoned Mental Health Professional spent considerable time with the architect and design team to design the building specifically to accommodate the patient population. In our years of experience, we have learned that when a patient is in need of seclusion or restraint, it is extremely important to remove them from the stimulus of the current unit. Our design has these seclusion rooms directly adjacent to the unit, but far enough away to reduce stimulus. Additionally, we have a clinical philosophy of seclusion and restraint as a last resort and we believe providing too many seclusion areas could encourage additional use. The current design provides for maximum dignity and respect for each client with the bathrooms being attached to the seclusion area.

How many seclusion rooms will there be per psychiatric unit?

RESPONSE: There are a total of three (3) seclusion rooms and bathrooms for the facility. Each nurse's station has a seclusion room behind them for better clinical oversight and support. This equates to three (3) seclusion rooms for five distinct hallways or one (1) per nurse's station.

The applicant states the twenty-eight (28) adolescent and child units are coed. What experience does the applicant have in operating an adolescent and child inpatient psychiatric unit with high risk patients?

RESPONSE: Strategic Behavioral Health currently operates a total of 387 child / adolescent inpatient beds in North Carolina, Colorado, New Mexico and Nevada. In each of these facilities, we have built a reputation of taking the most high-risk, most "acute", and most violent and aggressive children in each of these markets. In fact, our clinical outcomes have shown significant improvement in these particular patients. Our staffing models and clinical program design allow us to appropriately manage co-ed as well as different clinical presentations in each unit.

The square footage and cost per square footage chart is noted. However, the last three columns of the chart should be the final cost per sq. ft. for each unit/department, not project cost assigned to each area. Please revise.

RESPONSE: The requested documentation is attached hereto. Please note that the price per sq/ft is the same for each unit/department because we do not have the level of detail that breaks out the pricing by unit.

2. Section B, Project Description, Item II.B

The applicant states Woodridge has claimed Sullivan and Hawkins counties in their service area, which the applicant is also proposing to claim in their service area. Please provide a brief summary of inpatient psychiatric services provided by Woodridge Psychiatric Hospital and number of licensed beds assigned to each unit.

RESPONSE: According to its 2012 JAR, Woodridge has 84 psychiatric beds. Its 2012 JAR does not list any psychiatric hospital beds assigned "specifically for children and youth under age 18" or specifically for "geriatric patients". Also, its 2012 JAR does not assign any beds to "chemical dependency" services.

3. Section B, Project Description Item III.A.(Plot Plan)

The plot plan is noted. Please describe the four businesses that border the site.

RESPONSE: To the best of the applicant's knowledge the surrounding businesses are as follows:

1. Kmart
2. Gregory Corradino, MD
3. Mountain Region Family Medicine
4. Frank Merendino, DDS

5. Wellmont Health System
6. Grace Covenant Church
7. Stowaway Self Services Storage

It appears the proposed structures will be close to two existing structures. What are the two structures and the distance to the proposed facility?

RESPONSE: To the best of the applicant's knowledge one of the buildings is a self-storage building and it is unclear what the other building is. The building footprint is not drawn to scale on the plot plan, so we are unable to verify the distance to the two existing structures. As indicated in the letter from our architect, all aspect of the project will be in accordance with city building codes.

4. Section B, Project Description, Item B.IV

The floor plans submitted are noted. Please provide floor plans that include labeling of psychiatric units, seclusion rooms, patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc.

RESPONSE: The requested documentation is attached hereto.

5. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 1)

The use of Tennessee Department of Health 2010-2020 projections published by the TDOH in 2010 is noted. However, the most recent revision published by the Tennessee Department of Health is 2013. Please revise all need calculations using population statistics incorporating the Tennessee Department of Health Populations revised 2013 at the following web-site address: http://health.state.tn.us/statistics/pdf/CertNeed/Population_Projections_2010-20.pdf

Please submit replacement pages with the revised changes.

RESPONSE: The requested revisions have been done, and the respective replacement pages are attached.

6. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services B.1. (Service Area))

The chart of the patient origin by county is noted. The chart notes the following number of inpatient/discharge days for Woodridge Hospital in the two counties that is included in the applicant's proposed service area: Sullivan County: 5,886 inpatient/discharge days; and Hawkins County: 1,520 inpatient/discharge days. The 2012 Joint Annual Report indicates there were a total 19,306 Tennessee inpatient/discharge days in 2012 for Woodridge Hospital.

Woodridge depends on 38% of their psychiatric inpatient patient/discharge days (7.9% from Hawkins County and 30.1% from Sullivan County) from the applicant's proposed service area. Please clarify and discuss the impact the proposed project will have on Woodridge Psychiatric Hospital while Woodridge depends on 38% of their patient days/discharges from Hawkins and Sullivan counties.

RESPONSE: The SBH-Kingsport CON project plans to have only 18 beds dedicated to adult psychiatric hospital services. As noted on its 2012 JAR, Woodridge allocates all 84 of its beds to general adult psychiatric services, while not specifically reserving any for child and adolescent inpatient psychiatric hospital services, geropsychiatric hospital services, or as dedicated chemical dependency beds. Thus, the corporate mission of SBH-Kingsport, as set forth in this CON application, differs significantly from that of Woodridge. Therefore, the applicant projects that its project will have relatively little impact on Woodridge. Woodridge also claims to serve counties such as Greene, Washington, and Carter counties, which SBH-Kingsport does not claim as being in its service area.

7. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services) B. 2. Service Area Demographics and Section C. Need. Item 4.A Service Area Demographics

Please complete the following chart using population statistics revised 2013 by the Tennessee Department of Health at the following web-site address
<http://health.state.tn.us/statistics/CertNeed.shtml>

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2014 Population				
Total Population-				
Total 2018 Population % Change				
65+ Pop. - 2014				
65+ Pop. - 2018				
65+ Population % Change				
65+ Population % of Total Population				
Median Age				
Median Household Income				
TennCare Enrollees				
TennCare Enrollees as % of Total Population				

Persons Below Poverty Level				
% of Total Population below Poverty Level				

RESPONSE:

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2014 Population	57,509	158,975	216,484	6,588,698
Total Population- 2018	58,164	161,136	219,300	6,833,509
Total 2018 Population % Change	1.1%	1.4%	1.3%	3.7%
65+ Pop. - 2014	11,259	33,325	44,484	981,984
65+ Pop. - 2018	12,990	37,365	50,355	1,102,413
65+ Population % Change*	15.4%	12.1%	12.9%	3.7%
65+ Population % of Total Population*	19.6%	21.0%	20.3%	14.9%
Median Age**	42.3 yrs	43.5 yrs	43.2 yrs (est.)	38 yrs
Median Household Income**	\$36,419	\$40,025	\$39,163	\$1,197,412
TennCare Enrollees***	11,711	27,452	39,163	1,197,412
TennCare Enrollees as % of Total Population	20.4%	16.9%	18.1%	18.2%
Persons Below Poverty Level**	9,431	26,867	36,298	981,716
% of Total Population below Poverty Level	16.4%	16.9%	16.8%	14.9%

*2014 DOH Population Projection

**Census Bureau data

***Bureau of TennCare October 2013 data

8. Section C. Economic Feasibility Item 1 (Project Cost Chart)

A referenced list of \$562,607 assigned to C.4. "Build Year Operating Cost" could not be located in the supplemental. Please provide.

RESPONSE: Please reference the table below for breakdown of Build Year Operating Cost.

Build Year Operating Expenses	
Salaries	\$310,085
Benefits	\$77,521
Professional Fees	\$12,500
Advertising	\$45,000

Purchased Services	\$0
Recruitment	\$36,000
Food & Supplies	\$25,000
Travel	\$37,000
Repairs	\$0
Rental Expense	\$7,500
Insurance	\$0
Utilities	\$3,000
Bad Debt Expense	\$0
Property Taxes	\$0
Other Expenses	\$9,000
Total Hospital Expenses	\$562,607

9. Section C. Economic Feasibility Item 5

The calculation of average gross charge, average deduction from operating revenue and average net charge Year One is noted. However, please recalculate average deduction from gross operating revenue. It appears to be \$1,077 not \$1,028. Please clarify.

RESPONSE: The average deduction from gross operating revenue is \$1,077, when calculated by dividing the total deductions of \$9,370,257 by the total number of projected patient days (8,700).

10. Section C, Contribution to Orderly Development, Item 3

Please complete the following table for total FTE's that will be employed in the first year that will be providing patient care:

Position Type	FTE's
Clinical Director	
Program Director	
Registered Nurses	
RN/UM	
Techs	
Licensed Vocational Nurse	
Therapist	
RT	
Teacher	
Total	

RESPONSE:

Position Type	FTEs
Clinical Director	1.0
Program Director	1.0
Registered Nurses	12.6
RN/UM	1.0
Techs	16.8
Licensed Vocational Nurse	4.2
Therapist	4.0
RT	2.0
Teacher	0
Total	42.6

Please clarify if there will be assessment/referral and aftercare positions involved with this proposed project.

RESPONSE: The applicant intends to have an assessment and referral department. The aftercare positions would consist of those Inpatient Therapy Staff that are involved with discharge planning as well as those staff working in our Partial Hospitalization Program (PHP) and Intensive Outpatient Program (IOP).

[Remainder of page intentionally left blank]

Mr. Phillip M. Earhart
January 31, 2014

SUPPLEMENTAL- # 2

**January 31, 2014
11:35:am**

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Garone", is written over a horizontal line.

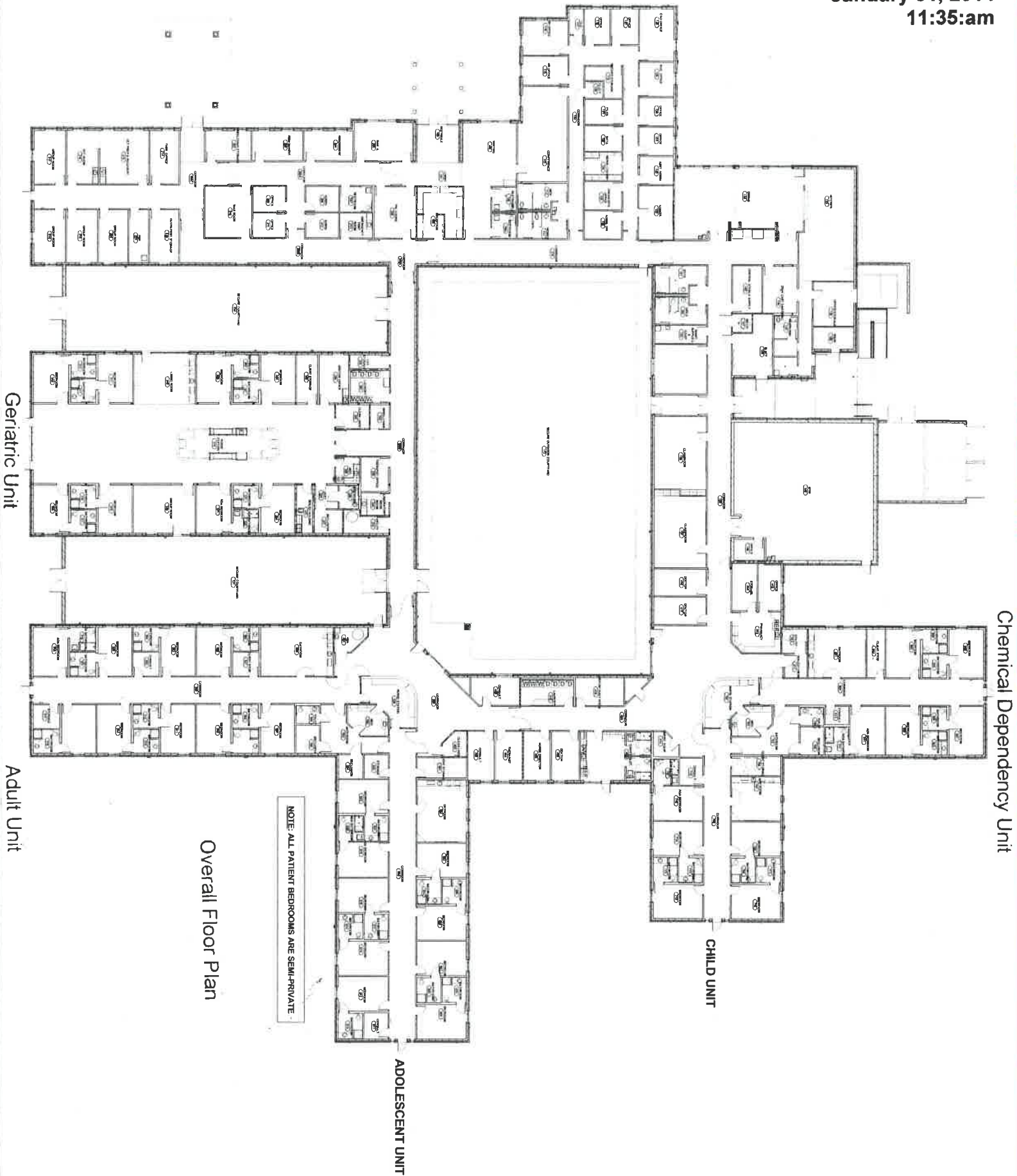
Mike Garone

Contact Person for Certificate of Need
Application CN1312-050
SBH-Kingsport, LLC

Attachments

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

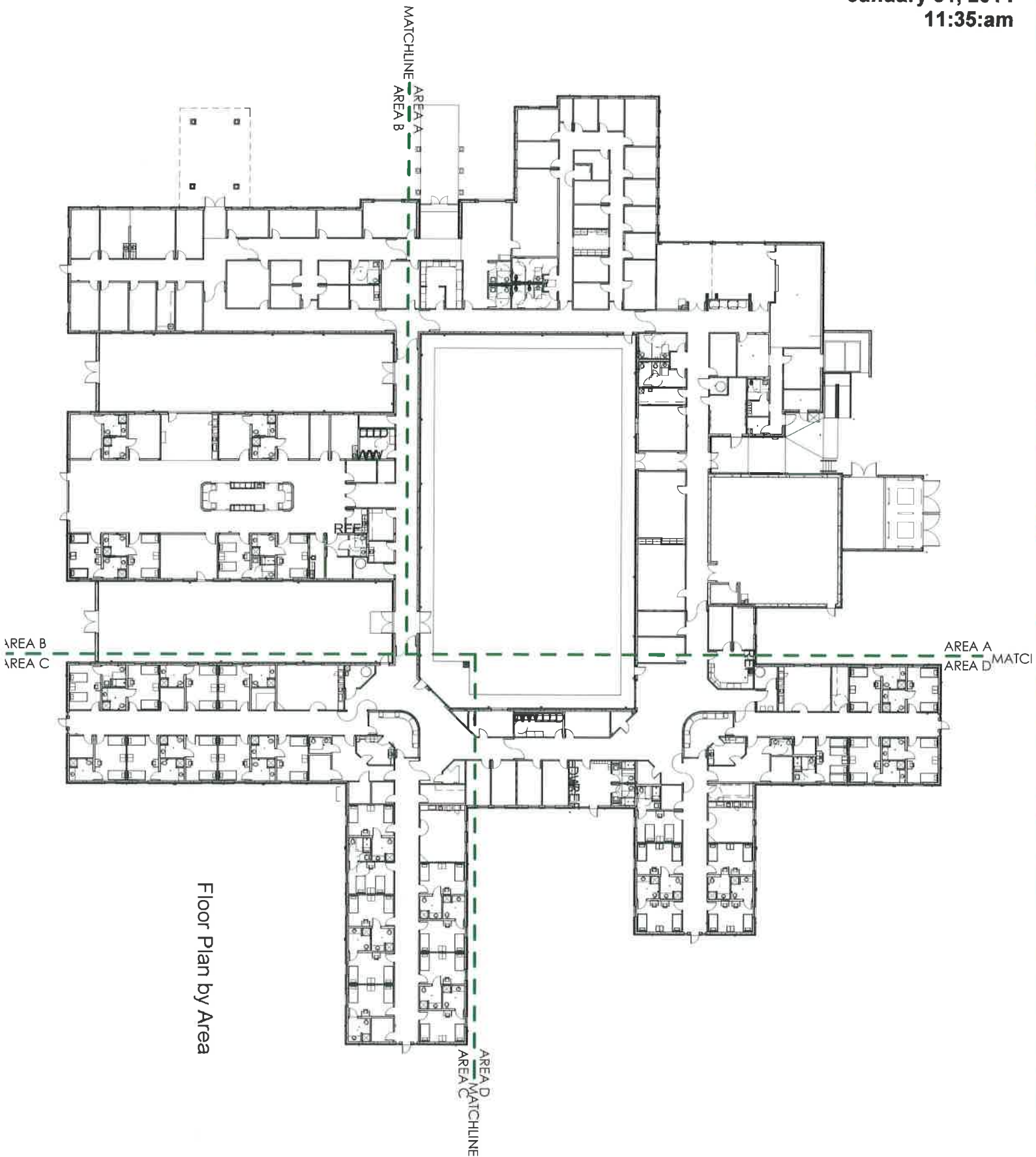
A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Administration						5,338	5,338		\$153.07	\$153.07
Assessment						2,704	2,704		\$153.07	\$153.07
Outpatient Treatment						2,078	2,078		\$153.07	\$153.07
Inpatient Unit						27,044	27,044		\$153.07	\$153.07
Lab						0	0		0	0
Dietary						2,467	2,467		\$153.07	\$153.07
Educational						906	906		\$153.07	\$153.07
Gym						2,223	2,223		\$153.07	\$153.07
Building Support						1,112	1,112		\$153.07	\$153.07
Materials Management						568	568		\$153.07	\$153.07
Pharmacy						552	552		\$153.07	\$153.07
B. Unit/Depart. GSF Sub-Total						44,992	44,992		\$6,887,015	\$6,887,015
C. Mechanical/ Electrical GSF						340	340		\$52,044	\$52,044
D. Circulation /Structure GSF						6,931	6,931		\$1,060,942	\$1,060,942
E. Total GSF						52,263	52,263		\$8,000,002	\$8,000,002



SUPPLEMENTAL- # 2

January 31, 2014

11:35:am



Floor Plan by Area

11:35am



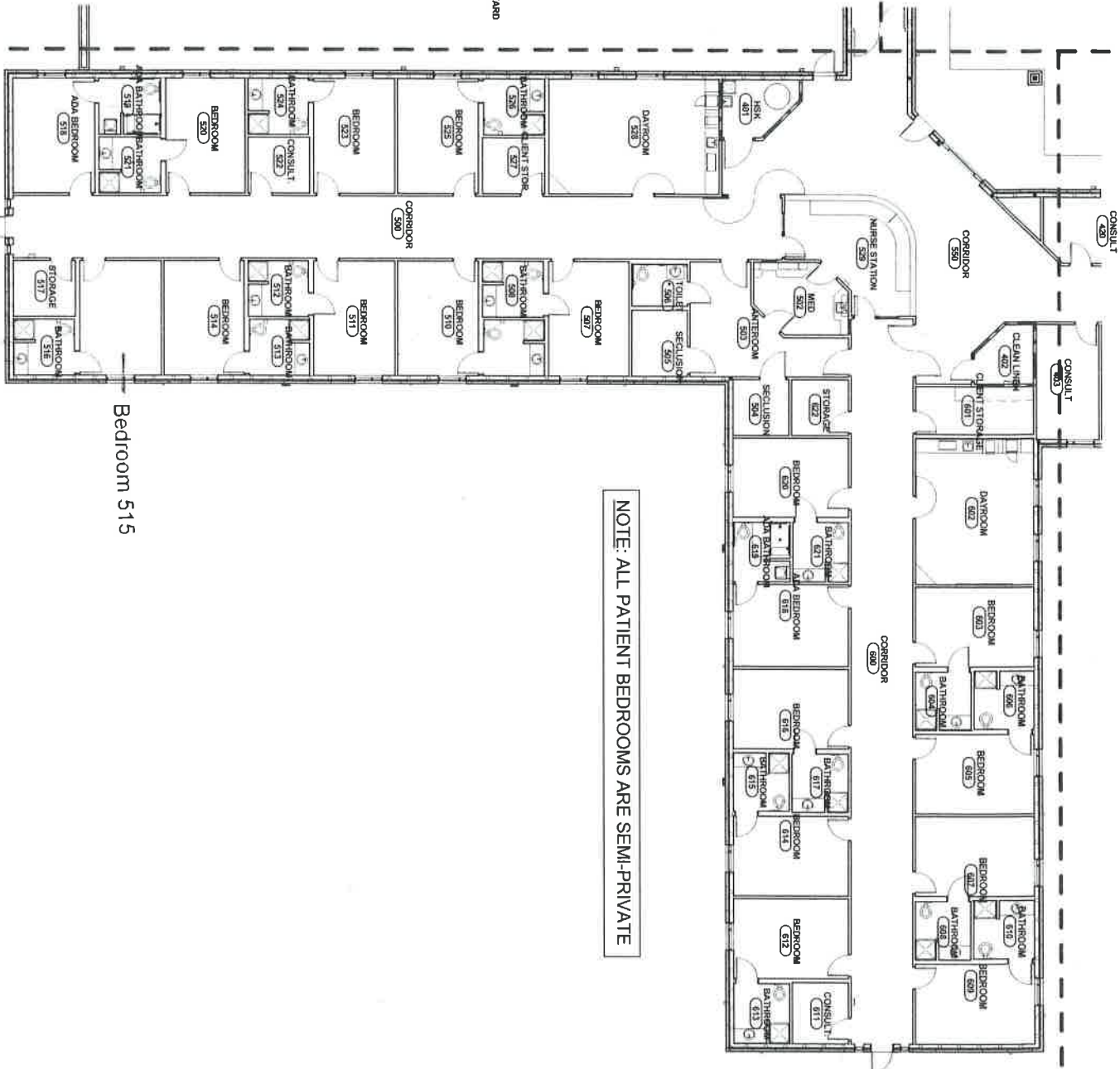
AREA B
AREA C

SUPPLEMENTAL- # 2

January 31, 2014
11:35:am

AREA B
AREA C

ADULT UNIT



NOTE: ALL PATIENT BEDROOMS ARE SEMI-PRIVATE

Bedroom 515

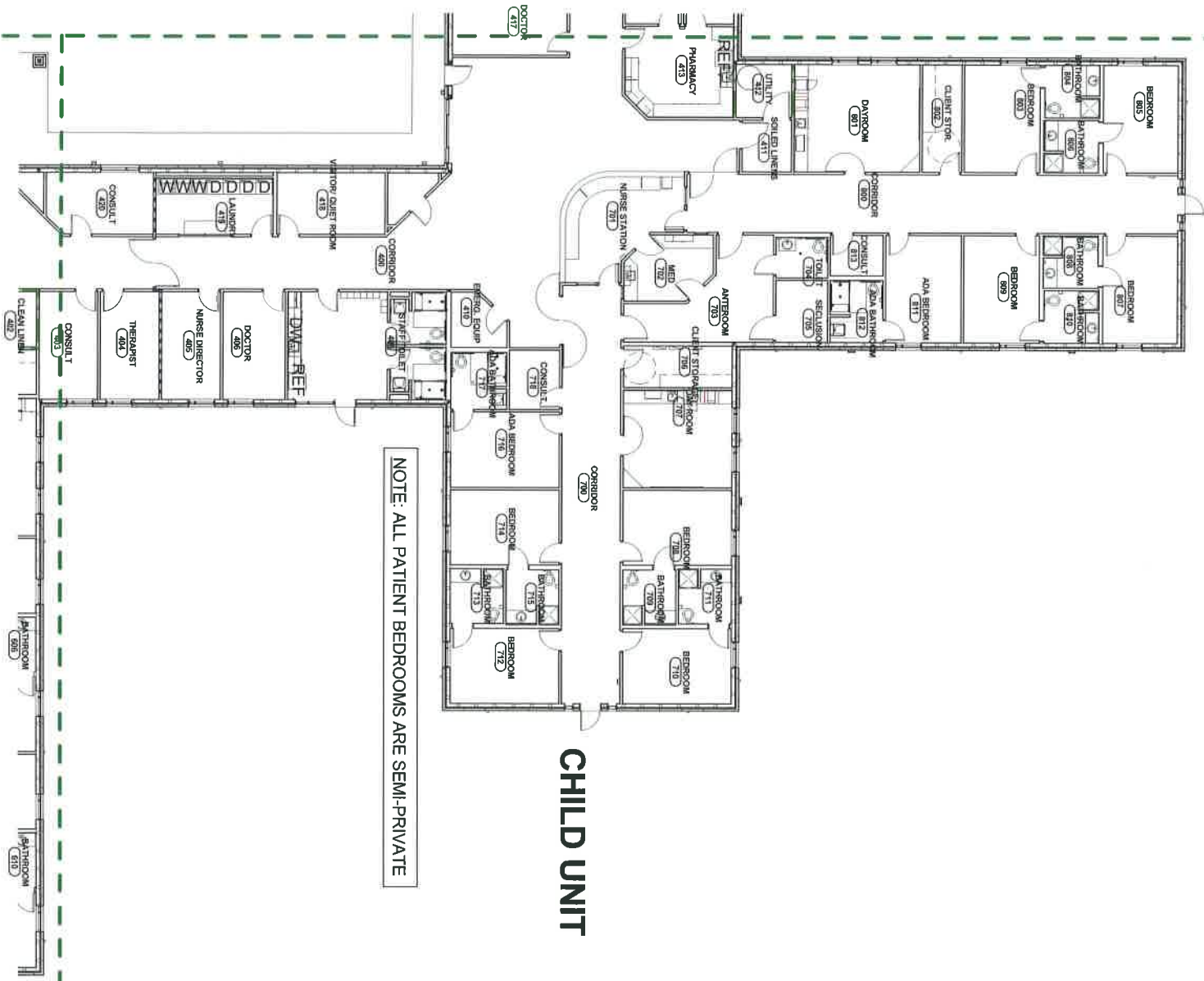
ADOLESCENT UNIT

AREA D
AREA E

82:11:17
JAN 31 2014

AREA 1
AREA 2

CHEMICAL DEPENDENCY UNIT



NOTE: ALL PATIENT BEDROOMS ARE SEMI-PRIVATE

CHILD UNIT

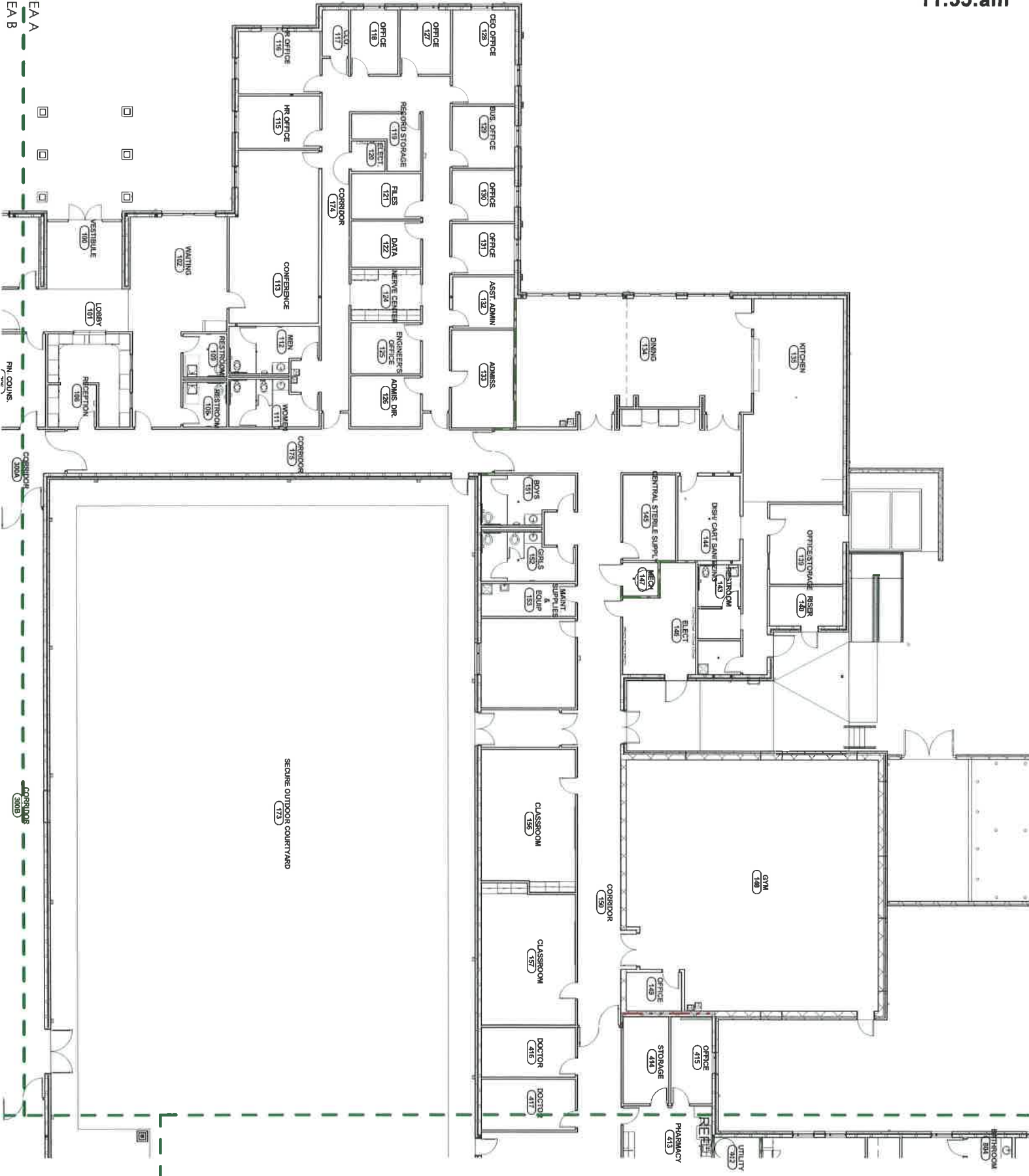
AREA 1
AREA 2

SUPPLEMENTAL- # 2

January 31, 2014

11:35:am

AREA A
MATCHLINE
AREA B



SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS
NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE: The applicant's responses to the individual criteria for this project in the *Guidelines for Growth* are set forth below.

Psychiatric Inpatient Services

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

RESPONSE: The total population of the five-county service area, Sullivan and Hawkins Counties Tennessee and Wise, Scott and Lee Counties in Virginia, is approximately 305,657, according to recent Census Bureau and Tennessee Department of Health data. At the rate of 30 beds per 100,000 population, there is a need for approximately 90 beds and in this five-county service area.

Sullivan County is by far the most populous county in the service area, with a 2014 population of nearly 159,000 people. If the need for Sullivan and Hawkins Counties only were considered separately, there would be approximately 216,484 people in that service area. These two counties alone would generate a need for more than 62

inpatient psychiatric beds, according to the *Guidelines for Growth* formula (excluding the population 4 years of age and under).

In the service area, according to the applicant's best information, there are only 12 inpatient psychiatric beds located at Bristol Regional Medical Center. Thus, there is a need for 78 additional inpatient psychiatric hospital beds for this service area, as calculated by the 30 beds per 100,000 general population need formula in the *Guidelines for Growth*.

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

RESPONSE: Available population data charts break out the population according to the chart below, in age brackets that run from 15 to 19 for adolescents. The applicant has analyzed the need for adult beds for the population cohorts age 19 through 64, as shown on the chart below. As this chart indicates, there are approximately 186,000 adults in the service area. When the need standard in *Guidelines for Growth* of 30 beds per 100,000 population is applied, the needed beds figure amounts to 55.8 adult beds, which would be 56 beds rounded off. Currently, as noted above, there are 12 inpatient psychiatric adult beds at Bristol Regional Medical Center in Bristol, Tennessee. Therefore, according to this formula, there are 44 additional adult inpatient psychiatric beds needed for the service area. This application seeks 18 such beds; therefore, this application satisfies this criterion. The population data in the cart below are from two sources: the Tennessee data for Sullivan and Hawkins County are from the Tennessee Department of Health's 2013 Population Projections 2010-2020, while the data for the Virginia counties of Wise, Scott and Lee are from the U.S. Census Bureau's 7/1/2012 County Characteristics Resident Population Estimates.

This application also plans to establish 16 geropsychiatric beds. The age 65 and over population of the service is approximately 60,650 individuals. This yields a need for 18.2 geropsychiatric beds, according to the need formula. The applicant seeks 16 geropsychiatric beds, thus the need for those beds in this service area is justified under the *Guidelines for Growth*.

Age Brackets: Population of Service Area

County	Ages 5-14	Ages 15-19	Ages 19-64	Ages 65+	Totals
Sullivan	16,775	9,398	92,651	33,325	152,149
Hawkins	6,597	3,617	33,582	11,259	55,055
Wise, VA	4,683	2,682	26,117	6,028	39,510
Scott, VA	2,422	1,213	18,175	4,656	26,466
Lee, VA	1,475	1,355	15,537	5,382	23,749
Totals:	31,952	18,265	186,062	60,650	296,929

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

RESPONSE: Given the way the population data is available, the applicant has examined the population service area in two age ranges as shown in the chart above: ages 5 through 14 and ages 15 through 19. The ages 5 through 14 yields a total

population of the service area for this age group as 31,952, which yields a need of 9.6 beds.

Similarly, the adolescent age group of ages 15 through 19 yields a population total of 18,265 individuals. This yields, under the *Guidelines for Growth* need formula, a need for 5.5 beds. Thus, for children and adolescents there is a net need of 15.1 beds, which yields a practical need of 16 beds in this service area. The applicant believes that, given the paucity of dedicated adolescent psychiatric hospital beds in the upper east Tennessee, southwestern Virginia area, it will draw additional utilization for this service from counties outside the primary service area.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

RESPONSE: As shown in the above responses, there are only 12 existing inpatient psychiatric hospital beds in the service area, according to the applicant's best information. Therefore, there is a significant need for the additional beds as set forth in this application.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

RESPONSE: As noted above, the Tennessee counties of Sullivan and Hawkins account for more than 70% of the population in the service area. Given Kingsport's prominence in the service area as the largest city in this region as well as the service area, and Sullivan County's status as the most populous county in the service area, it is entirely appropriate for this hospital to be based in the most densely populated area of the service area, in Kingsport, Tennessee. Furthermore, Kingsport shares geography and economic links with the counties to its north and west in southwestern Virginia. Therefore, the population area is reasonable, given the mountainous nature of this region.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

RESPONSE: The applicant will accept involuntary and voluntary admissions to its inpatient psychiatric beds. There is also a great need for service to low income groups and individuals suffering from chemical dependency. People needing chemical dependency inpatient services are a group for whom there are no other dedicated beds in the service area, to the best of the information of the applicant. The socio demographics of the service area are shown in the attached population reports.

Population Projections,
Tennessee Counties and the State,
2010-2020

Tennessee
SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	407,813	404,958	402,881	400,790	401,571	404,059	407,777	410,704	413,432	416,033	418,572
5-9	412,181	411,217	414,060	418,447	419,628	420,371	419,289	418,265	416,944	418,348	421,443
10-14	418,941	421,403	424,625	425,993	426,430	424,871	425,562	428,584	433,217	434,747	435,750
15-19	437,186	427,921	425,099	425,686	428,957	434,441	439,476	442,598	443,997	444,679	443,450
20-24	426,244	443,525	450,356	454,219	454,413	450,490	443,833	440,174	440,107	442,866	442,009
25-29	417,683	419,630	420,565	422,310	429,345	438,538	449,638	458,381	463,845	465,448	462,658
30-34	406,314	416,506	423,662	428,777	431,324	430,375	431,420	433,457	436,189	444,039	454,046
35-39	423,622	407,946	404,881	414,845	414,379	423,254	434,120	441,657	447,235	450,255	449,954
40-44	430,508	436,473	441,965	445,024	442,634	436,429	425,299	422,498	425,791	432,614	441,775
45-49	467,087	458,027	452,418	444,973	439,230	440,253	449,040	454,655	457,810	455,714	449,951
50-54	459,349	463,499	464,932	466,272	469,533	468,878	463,955	458,654	451,560	446,237	447,544
55-59	414,991	426,524	436,411	446,056	451,379	457,454	461,883	463,461	464,950	468,273	467,897
60-64	370,724	390,728	390,815	391,445	397,891	407,088	417,236	426,791	436,019	441,179	447,208
65-69	280,538	289,009	310,328	326,531	340,924	355,003	370,224	370,478	371,246	377,316	386,041
70-74	206,536	213,997	223,574	236,174	246,532	255,340	260,822	280,076	294,754	307,552	319,987
75-79	154,517	158,862	160,575	165,000	170,433	175,475	180,226	188,272	198,963	207,627	214,931
80-84	111,954	113,616	114,786	114,982	115,518	117,136	119,721	121,108	124,504	128,575	132,436
85 plus	99,917	104,174	105,882	107,490	108,577	109,983	111,078	112,209	112,946	113,495	115,112
All Ages	6,346,105	6,408,015	6,467,815	6,528,014	6,588,698	6,649,438	6,710,579	6,772,022	6,833,509	6,894,997	6,956,764

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Note: These data will not match the University of Tennessee Center for Business and Economic Research data exactly due to rounding.

COUNTY - HAWKINS
SEX - TotalPopulation Projections,
Tennessee Counties and the State,
2010-2020

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	3,161	3,025	2,834	2,620	2,454	2,301	2,190	2,081	1,974	1,877	1,787
5-9	3,557	3,429	3,319	3,211	3,043	2,876	2,670	2,467	2,249	2,074	1,920
10-14	3,714	3,679	3,697	3,681	3,554	3,422	3,306	3,190	3,082	2,911	2,740
15-19	3,567	3,448	3,453	3,509	3,617	3,691	3,725	3,745	3,716	3,591	3,467
20-24	2,708	2,818	2,436	2,108	1,930	1,809	1,786	1,795	1,834	1,923	1,969
25-29	2,953	2,914	2,692	2,375	2,019	1,709	1,411	1,145	977	924	890
30-34	3,105	3,092	3,100	3,155	3,148	3,041	2,876	2,660	2,344	1,992	1,686
35-39	3,904	3,625	3,590	3,571	3,639	3,697	3,764	3,770	3,825	3,822	3,727
40-44	4,140	4,161	4,422	4,517	4,564	4,630	4,559	4,515	4,488	4,556	4,606
45-49	4,341	4,215	4,400	4,644	4,804	4,928	5,144	5,395	5,474	5,513	5,575
50-54	4,229	4,311	4,465	4,615	4,803	4,982	5,068	5,241	5,466	5,613	5,731
55-59	4,078	4,115	4,186	4,343	4,456	4,656	4,869	5,015	5,151	5,324	5,497
60-64	4,009	4,149	4,110	4,109	4,219	4,260	4,387	4,446	4,594	4,696	4,881
65-69	3,318	3,370	3,643	3,767	3,915	4,014	4,152	4,125	4,116	4,218	4,251
70-74	2,382	2,506	2,664	2,859	2,964	3,136	3,190	3,436	3,565	3,671	3,757
75-79	1,633	1,719	1,795	1,898	2,022	2,130	2,234	2,365	2,528	2,618	2,765
80-84	1,099	1,139	1,200	1,231	1,295	1,336	1,413	1,468	1,548	1,638	1,718
85 plus	935	963	997	1,040	1,063	1,123	1,145	1,197	1,233	1,280	1,335
All Ages	56,833	56,678	57,003	57,273	57,509	57,741	57,889	58,056	58,164	58,241	58,302

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files. Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.
Note: These data will not match the University of Tennessee Center for Business and Economic Research data exactly due to rounding.

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY - SULLIVAN
SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	8,232	8,031	7,541	7,221	6,826	6,445	6,136	5,803	5,490	5,203	4,949
5-9	8,734	8,629	8,413	8,218	7,851	7,510	7,049	6,549	6,029	5,536	5,056
10-14	9,380	9,382	9,329	9,127	8,924	8,631	8,304	8,049	7,819	7,409	7,031
15-19	9,678	9,453	9,346	9,266	9,398	9,531	9,561	9,524	9,336	9,164	8,894
20-24	8,098	8,586	7,658	6,796	5,873	5,181	4,960	4,922	4,974	5,128	5,253
25-29	7,890	7,979	7,545	6,902	6,276	5,547	4,671	3,791	3,221	2,851	2,684
30-34	8,422	8,302	8,470	8,498	8,417	8,174	7,929	7,468	6,803	6,152	5,435
35-39	10,105	9,530	9,449	9,617	9,849	10,060	10,201	10,462	10,555	10,539	10,370
40-44	10,883	10,972	11,407	11,786	12,018	12,181	12,138	12,175	12,413	12,699	12,957
45-49	11,912	11,659	11,958	12,225	12,592	13,054	13,727	14,279	14,715	14,968	15,162
50-54	12,050	12,011	12,269	12,674	13,159	13,691	14,042	14,444	14,762	15,140	15,607
55-59	11,493	11,769	12,067	12,527	12,836	13,181	13,565	13,907	14,342	14,826	15,350
60-64	10,731	11,156	11,247	11,271	11,631	12,021	12,507	12,851	13,312	13,615	13,953
65-69	9,220	9,312	9,833	10,269	10,470	10,751	11,212	11,334	11,380	11,720	12,091
70-74	7,014	7,274	7,621	7,997	8,441	8,763	8,809	9,304	9,709	9,892	10,146
75-79	5,255	5,454	5,613	5,893	6,084	6,289	6,487	6,792	7,120	7,493	7,756
80-84	4,158	4,217	4,227	4,175	4,243	4,271	4,451	4,578	4,792	4,937	5,090
85 plus	3,568	3,697	3,846	3,989	4,087	4,213	4,290	4,352	4,364	4,435	4,504
All Ages	156,823	157,413	157,939	158,451	158,975	159,494	160,039	160,584	161,136	161,707	162,288

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health,
Division of Policy, Planning and Assessment, Office of Health Statistics.

Note: These data will not match the University of Tennessee Center for Business and Economic Research data exactly due to rounding.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: SBH - KINGSFORD, LLC

I, MICHAEL GARONE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Michael J. Garone
Signature/Title
DIRECTOR OF DEVELOPMENT

Sworn to and subscribed before me, a Notary Public, this the 30th day of Jan, 2014,
witness my hand at office in the County of Shelby, State of Tennessee.

Renee E. Klein
NOTARY PUBLIC

My commission expires October 9, 2016.

HF-0043

Revised 7/02



MY COMMISSION EXPIRES:
October 9, 2016



State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

December 20, 2013

Mike Garone
Director of Development
Strategic Behavioral Health, Inc.
8295 Tournament Drive, Suite 201
Memphis, TN 38125

RE: Certificate of Need Application 1312-050
SBH-Kingsport, LLC

Dear Mr. Garone:

This will acknowledge our December 13, 2013 receipt of your application for a seventy-two (72) bed inpatient psychiatric facility located at unaddressed site at the end of Executive Park Boulevard, Kingsport, (Sullivan County), TN 37660.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 PM, Friday, December 27, 2013. If the supplemental information requested in this letter is not submitted by or before this time, consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 6

The Purchase and Sale Agreement is noted. Please provide a clearer and legible copy of Exhibit A of the document.

2. Section A, Applicant Profile, Item 13

Please identify all TennCare MCOs in the applicant's service area and the TennCare MCOs with which the applicant intends to contract.

3. Section B, Project Description, Item 1

Your response is noted. Please provide an executive summary not to exceed two (2) pages. Please list the following areas as headers and address each area under the header: proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Please describe the classes and curriculum that is part of the proposed project.

What type of outpatient programs are a part of this proposed project.

Please clarify if the proposed seventy (72) bed inpatient psychiatric hospital will be classified as an Institution for Mental Disease (IMD).

Please describe the applicant's experience in operating the following:

- An Adult Inpatient Chemical Dependency Unit
- An Adult Psychiatric Unit
- An Child and Adolescent Inpatient Psychiatric Unit
- A Gero-Inpatient Psychiatric Unit

4. Section B, Project Description, Item II.A

Please clarify which two (2) units will share a nurses station and med room, seclusion room and dedicated toilet.

Please clarify if the twenty-eight (28) adolescent and child unit will be coed. If so, how and when will females and males be segregated?

Please describe the outpatient suites.

Please clarify if all the proposed psychiatric units will be locked.

What are the proposed ages ranges for each of the four (4) proposed psychiatric units?

Please provide a clearer and legible copy of the square footage and cost per square footage chart.

5. Section B, Project Description, Item II.B

The applicant states there are no existing services in the service area. Please clarify if the following providers have declared Hawkins or Sullivan counties in Tennessee, or Wise, Scott, and Lee counties in Virginia as part of three service area:

Magnolia Ridge (Washington County)-Alcohol and Drug,
Wellmont Bristol Regional Medical Center (Sullivan County)
Woodridge Psychiatric Facility (Washington County)
Wellmont Pavillion (Bristol, Virginia)

If the above providers are part of the proposed service area of the applicant, please provide a summary of services provided, number of licensed beds and age range for each inpatient service.

6. Section B, Project Description, Item II.C

Please indicate if the applicant has discussed the need for this proposed 72 bed facility with the Tennessee Department of Mental Health and Substance and Abuse Services. If so, please summarize including the date and person contacted.

Please clarify if the applicant has contacted the Bureau of TennCare, or the contracted TennCare managed care organizations in the proposed service area regarding the need for additional inpatient psychiatric and chemical dependency units. If so, please provide a summary of the contact including the date and person contacted. If not, please contact the Bureau of TennCare and the contracted Managed Care Organizations to determine if there is a need for additional inpatient and chemical dependency services. Please provide a summary of the contact including the date and person contacted.

Please contact the mobile crisis team serving the proposed service area. Please indicate if the mobile crisis teams are experiencing difficulty in referring patients and placing patients into inpatient psychiatric facilities. Please provide the date of the contact, person contacted and summary of the contact.

7. Section B, Project Description Item III.A.(Plot Plan)

Please provide a legible plot plan.

8. Section B, Project Description, Item B.IV

The floor plans submitted are noted. Please a clearer and legible copy that includes labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc.

9. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 1)

Please reference the year of the recent Census Bureau and Tennessee Department of Health population data the applicant used to determine the bed need in the proposed five (5) county service areas.

Please clarify which Virginia inpatient psychiatric facilities claim Wise, Lee and Scott counties in there proposed service area.

10. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services

The applicant has provided responses to the Project Specific Criteria for Psychiatric Inpatient Services with the assumption Bristol Regional Medical Center is the only inpatient provider covering Hawkins and Sullivan County. It appears Woodridge

Psychiatric Hospital located in adjoining Washington County includes Hawkins and Sullivan counties in their service area. Please revise all responses to the Project Specific Criteria for Psychiatric Inpatient Services that includes inpatient facilities that has Hawkins and Sullivan counties in their designated service area as reflected in the Joint Annual reports. This will impact the bed need for the proposed service area.

11. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 2)

The applicant states there is a need for 16.8 gero-psychiatric beds in the proposed service area according to the bed need formula. Please clarify how that was determined if the bed need formula does not break out gero-psychiatric bed need.

12. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 4)

Please indicate if the applicant will have a psychiatric unit for age 5-14 and a unit for ages 15-19.

13. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services B.1. (Service Area))

Please complete the following chart. The chart will determine where patients of the proposed service area migrate to for psychiatric services. Please contact Mr. George Wade at the Tennessee Department of Health, Division of Health Statistics (615-741-1954) and request patient discharge utilization data (inpatient day or discharge patient days) from January 1, 2012 to December 31, 2012 by MCD19 (Mental Diseases and Disorders) and MCD 20 (Alcohol/Drug Abuse & Alcohol/Drug-Induced Organic Mental Disorders).

Patient Origin by County
Number of Inpatient Days or Discharge Patient Days

Facility	Hawkins	Sullivan	Lee	Scott	Wise
Magnolia Ridge (Alcohol and Drug)					
Wellmont Bristol Regional Hospital					
Wellmont Pavillion (Va.)					
Woodridge Psychiatric Hospital					

Moccasin Bend					
Ridgeview Psychiatric Hospital and Center in Oak Ridge					
Peninsula Hospital in Louisville (Blount County)					
Total					

**14. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services
B. 1. Service Area and Section C. Need. Item 3 Service Area**

Your response is noted. Please complete the following table indicating the travel times and distances to existing facilities, and the proposed SBH-Kingsport, LLC.

Facility		Hawkins Co. (Rogersville, TN)	(Sullivan Co. Kingsport, TN	Wise County (Wise, VA)	Lee County (Jonesville, VA)	Scott County (Gate City, VA)
Magnolia Ridge (Washington County)	Time					
	Distance					
Wellmont Regional Medical Center (Sullivan Co.)	Time					
	Distance					
Woodridge Psych Hospital (Washington Co.)	Time					
	Distance					
Wellmont Pavillion (Bristol, VA)	Time					

	Distance					
Ridgeview Psychiatric Hospital and Center in Oak Ridge (Anderson County)	Time					
	Distance					
Peninsula Hospital in Louisville (Blount County)	Time					
	Distance					
Moccasin Bend Mental Health Institute (Hamilton County)	Time					
	Distance					
Proposed SBH-Kingsport, LLC	Time					
	Distance					

**15. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services)
B. 2. Service Area Demographics and Section C. Need. Item 4.A Service Area Demographics**

Please complete the following chart.

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2013 Population				
Total Population-				
Total 2017 Population % Change				
65+ Pop. - 2013				
65+ Pop. - 2017				
65+ Population % Change				
65+ Population % of Total Population				
Median Age				
Median Household Income				
TennCare Enrollees				
TennCare Enrollees as % of Total Population				
Persons Below Poverty Level				
% of Total Population below Poverty				

Level				
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Please clarify the reason the applicant did not include Washington County in its service area since it appears Sullivan and Washington counties share economic links and are closely in proximity.

Please indicate the counties included in the service area of Woodridge Hospital in Johnson City, Ridgeview Psychiatric Hospital and Center in Oak Ridge, and Peninsula Hospital in Louisville (Blount County)?

Please review and provide a copy of the letter from the Tennessee Department of Mental Health dated May 17, 2012 regarding Lakeshore Mental Health Institute (LMHI) from the following web address:

<http://tn.gov/mental/mhs/Catchment%20Area%20Letter-DV.pdf> Please respond to the following question:

- Has the applicant discussed with the Tennessee Department of Mental Health the possibility of providing services for uninsured persons? If so, please discuss.
- How will the expansion of existing contracts with the three mentioned private inpatient psychiatric hospitals impact utilization at the applicant's proposed inpatient facility?

**16. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services
C. 1. Relationship to existing applicable plans (State, City, County, Regional Plans)**

The applicant states Strategic Behavioral Health, LLC does not have any inpatient psychiatric facilities in Tennessee. Please indicate if the applicant has reviewed Tennessee Title 33 Laws specific to inpatient psychiatric facilities.

**17. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services
C. 3. Relationship to existing applicable plans State appropriations).**

The applicant states the proposed inpatient facility will not be able to accept adult TennCare admissions. Please clarify why this is so and reference any rules and regulations.

**18. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services
C. 4. Relationship to existing applicable plans (Involuntary Admissions)**

Does the applicant expect to accept all involuntary admissions (all ages)? Will the applicant have the expertise and staff to monitor patients who may require one to one observation or may require special treatment?

Please discuss if involuntary admissions and the uninsured would be transferred to private psychiatric hospitals that have expanded contracts with the Tennessee Department of Mental Health.

The applicant states SBH-Kingsport, LLC will accept involuntary and voluntary admissions. Since Lakeshore Mental Health Institute closed on June 30, 2012, does the applicant plan to accept uninsured persons that would have been served by LMHI?

Please discuss examples of when the applicant could not accept an "Involuntary Admission." In a situation where the applicant could not take an "Involuntary Admission", what protocols would the applicant enact to assure the patient could receive proper treatment?

19. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services C. 5. Relationship to existing applicable plans

The applicant states the proposed facility will not be able to accept adult TennCare admissions. If this is so, does the projected TennCare utilization of 38% of charges seem reasonable? Please discuss.

20. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services D.1. (Relationship to Existing Similar Services)

Please complete the following table indicating the licensed beds and occupancies of existing facilities that have Hawkins and Sullivan Counties in their existing service area.

Facility	Total Psychiatric Licensed Beds	Geriatric Beds	Adult Psych Beds	Total Child and Adolescent Beds	Total Chemical Dependency Beds	2010 Occup.	2011 Occup	2012 Occup.	Accept Involuntary Admissions ?
Magnolia Ridge (Washington County)									
Wellmont Regional Medical Center (Sullivan Co.)									
Woodridge Psych Hospital (Washington Co.)									
Total									

Please indicate if there are existing psychiatric intensive outpatient or partial hospitalization programs in the proposed service area.

Will the applicant provide any intensive outpatient or partial hospitalization programs in the proposed service areas?

21. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services D.2. (Relationship to Existing Similar Services-Access/Special Needs Groups)

The applicant states involuntary patients will be accepted. If an uninsured individual is admitted involuntarily and is then is enrolled in TennCare, will be applicant need to transfer the patient to another facility since adult TennCare patients cannot be accepted?

22. Section C, Need, Item 3.

Please provide a clearer county level map of the proposed service area.

23. Section C, Need, Item 6

Please also complete the following chart:

Facility	Beds	Year 1	Year 1	Year 1	Year 1	Year 2	Year 2	Year 2	Year 2
		Admits	Pat. Days	ALOS	%Occ.	Admits	Pat. Days	ALOS	%Occ.
SBH-Kingsport, LLC									

Please provide the details regarding the methodology used to project 8,700 patient days during the first year of operation and 17,100 patient days during the second year of operation. The methodology must include detailed calculations or documentation from referral sources.

The total average daily census of 23.8 in Year One and 46.8 in Year Two of the proposed project is noted. Please break-out the proposed average daily census by unit:

	Year One-ADC	Year Two-ADC
Adult Psychiatric Unit (18 beds)		
Gero Psychiatric Unit (16 Beds)		
Child and adolescent beds (28 beds)		
Chemical Dependency Unit (10 beds)		
Total	23.8	46.8

Please provide letters of referral from Community Mental Health Centers, Private Psychiatrists and Primary Care Physicians, etc.

Please also provide letters from the service area's Community Mental Health Agency's mobile crisis teams that express the need for the proposed psychiatric inpatient facility in Sullivan County.

24. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The letter from Thomas Construction Group dated December 9, 2013 is noted. Please submit the referenced attached "Part A of the Project Costs Chart" the letter is referencing.

Please clarify \$562,607 assigned to C.4. "Build Year Operating Cost".

25. Section C. Economic Feasibility Item 2 (Funding)

The applicant has checked box F-"Other Funding" to document funding for this proposed project. The letter dated December 11, 2013 for Strategic Behavioral Health, LLC notes the proposed project will be funded through cash, availability under the credit facility and net cash flows from existing operations. Please clarify how much of the \$11,717,915 project cost will be assigned to cash, revolving credit and net cash flows. Also, please check all applicable funding sources for the project and resubmit a replacement page.

26. Section C. Economic Feasibility Item 3 (Reasonableness of Project Cost)

Please compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The latest HSDA Hospital Construction Cost per Square Foot analysis for projects approved by the HSDA 2010-2012 is provided at the following web-site: http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf

27. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

Please indicate if there are management fees associated with this project. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

There appears to be a calculation error for the total of Gross Operating Revenue in Year 2 on the Projected Data Chart. Please verify and resubmit a replacement page if needed.

The applicant projects 8,700 patients in Year One. What is the census of patients needed to breakeven?

Please complete the following for D.9 of the Projected Data Chart:

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

	Year _____	Year _____
1.	\$_____	\$_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
Total Other Expenses	\$_____	\$_____

28. Section C. Economic Feasibility Item 5

Please calculate average gross charge, average deduction from operating revenue and average net charge Year One. The applicant should divide each area by the total of patient days.

29. Section C, Economic Feasibility, Item 6.A. and 6.B.

Please provide comparative charges to Woodridge Psychiatric Hospital in adjoining Washington County.

30. Section C, Economic Feasibility, Item 9.

How will the medically indigent be served?

31. Orderly Development, Item 1

Does the applicant plan to have a working relationship with area mobile crisis teams?

32. Orderly Development, Item 2

It appears there are other inpatient psychiatric providers such as Woodridge Psychiatric Hospital that also claims Hawkins and Sullivan counties in their service area. How will this proposal impact the utilization of similar providers such as Woodridge?

33. Section C, Contribution to Orderly Development, Item 3

The applicant has assigned 1.4 techs and 1.4 R.N/UM per shift. This staffing pattern appears to be underestimated by the applicant in staffing a 72 bed psychiatric facility that may have high acuity patients. How will 1.4 techs and 1.4 RN/UM cover four (4) units? If there is a suicide watch how will this be handled with limited staff? Please clarify.

How will one therapist cover four (4) psychiatric units in Year One and Year Two, and be specialized in child and adolescent, chemical dependency, adult psych and gero-psych areas?

Why are there no FTEs assigned to teachers?

What will be the patient to tech and nurse ratio for each of the four units? Will this meet staffing requirements of the Tennessee Department of Mental Health?

Please compare clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources.

If necessary, please resubmit the staffing pattern for the 72 bed psychiatric facility that will meet licensure standards.

34. Section C, Contribution to Orderly Development, Item 7

Please provide the latest results of a state licensure survey of an existing inpatient psychiatric inpatient facility owned by Strategic Behavioral Health, LLC along with the applicant's responses.

35. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

In accordance with Tennessee Code Annotated, §68-11-1607(c)(5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." Agency Rule 0720-10-.03(4)(d)(2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and

requires and additional examination fee." **For this application, the sixtieth (60th) day after written notification is February 18, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,



Phillip M. Earhart
HSD Examiner

PME



State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

January 30, 2014

Mike Garone
Director of Development
Strategic Behavioral Health, Inc.
8295 Tournament Drive, Suite 201
Memphis, TN 38125

RE: Certificate of Need Application 1312-050
SBH-Kingsport, LLC

Dear Mr. Garone:

This will acknowledge our January 29, 2013 receipt of your application for a seventy-two (72) bed inpatient psychiatric facility located at unaddressed site at the end of Executive Park Boulevard, Kingsport, (Sullivan County), TN 37660.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 PM, Friday, January 31, 2014. If the supplemental information requested in this letter is not submitted by or before this time, consideration of this application may be delayed into a later review cycle.

1. Section B, Project Description, Item II.A

Please clarify the reason each psychiatric unit will not have their own dedicated seclusion room and bathroom. Does this arrangement meet best practice guidelines in life/safety?

How many seclusion rooms will there be per psychiatric unit?

The applicant states the twenty-eight (28) adolescent and child units are coed. What experience does the applicant have in operating an adolescent and child inpatient psychiatric unit with high risk patients?

The square footage and cost per square footage chart is noted. However, the last three columns of the chart should be the final cost per sq. ft. for each unit/departments, not project cost assigned to each area. Please revise.

2. Section B, Project Description, Item II.B

The applicant states Woodridge has claimed Sullivan and Hawkins counties in their service area, which the applicant is also proposing to claim in their service area. Please provide a brief summary of inpatient psychiatric services provided by Woodridge Psychiatric Hospital and number of licensed beds assigned to each unit.

3. Section B, Project Description Item III.A.(Plot Plan)

The plot plan is noted. Please describe the four businesses that border the site.

It appears the proposed structures will be close to two existing structures. What are the two structures and the distance to the proposed facility.

4. Section B, Project Description, Item B.IV

The floor plans submitted are noted. Please provide floor plans that include labeling of psychiatric units, seclusion rooms, patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc.

5. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services A. Need, 1)

The use of Tennessee Department of Health 2010-2020 projections published by the TDOH in 2010 is noted. However, the most recent revision published by the Tennessee Department of Health is 2013. Please revise all **need calculations** using population statistics incorporating the Tennessee Department of Health Populations revised 2013 at the following web-site address:

http://health.state.tn.us/statistics/pdf/CertNeed/Population_Projections_2010-20.pdf

Please submit replacement pages with the revised changes.

6. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services B.1. (Service Area))

The chart of the patient origin by county is noted. The chart notes the following number of inpatient/discharge days for Woodridge Hospital in the two counties that is included in the applicant's proposed service area: **Sullivan County**: 5,886 inpatient/discharge days; and **Hawkins County**: 1,520 inpatient/discharge days. The 2012 Joint Annual Report indicates there were a total 19,306 Tennessee inpatient/discharge days in 2012 for Woodridge Hospital. Woodridge depends on 38% of their psychiatric inpatient patient/discharge days (7.9% from Hawkins County and 30.1% from Sullivan County) from the applicant's proposed service area. Please clarify and discuss the impact the proposed project will have on Woodridge Psychiatric Hospital while Woodridge depends on 38% of their patient days/discharges from Hawkins and Sullivan counties.

**7. Section C, Need, Item 1 a., (Project Specific Criteria-Psychiatric Inpatient Services)
B. 2. Service Area Demographics and Section C. Need. Item 4.A Service Area
Demographics**

Please complete the following chart using population statistics revised 2013 by the Tennessee Department of Health at the following web-site address
<http://health.state.tn.us/statistics/CertNeed.shtml>

Demographic Data	Hawkins County	Sullivan County	Service Area Total	State of TN Total
Total 2014 Population				
Total Population-				
Total 2018 Population % Change				
65+ Pop. - 2014				
65+ Pop. - 2018				
65+ Population % Change				
65+ Population % of Total Population				
Median Age				
Median Household Income				
TennCare Enrollees				
TennCare Enrollees as % of Total Population				
Persons Below Poverty Level				
% of Total Population below Poverty Level				

8. Section C. Economic Feasibility Item 1 (Project Cost Chart)

A referenced list of \$562,607 assigned to C.4. "Build Year Operating Cost" could not be located in the supplemental. Please provide.

9. Section C. Economic Feasibility Item 5

The calculation of average gross charge, average deduction from operating revenue and average net charge Year One is noted. However, please recalculate average deduction from gross operating revenue. It appears to be \$1,077 not \$1,028. Please clarify.

10. Section C, Contribution to Orderly Development, Item 3

Please complete the following table for total FTE's that will be employed in the first year that will be providing patient care:

Position Type	FTE's
Clinical Director	
Program Director	
Registered Nurses	
RN/UM	
Techs	
Licensed Vocational Nurse	
Therapist	
RT	
Teacher	
Total	

Please clarify if there will be assessment/referral and aftercare positions involved with this proposed project.

In accordance with Tennessee Code Annotated, §68-11-1607(c)(5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." Agency Rule 0720-10-.03(4)(d)(2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional examination fee." **For this application, the sixtieth (60th) day after written notification is February 18, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

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Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in cursive script, reading "Phillip M. Earhart". The signature is written in dark ink and includes a stylized flourish at the end.

Phillip M. Earhart
HSD Examiner

PME